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OF THE

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WRITTEN COMMENTS

ON

CERTAIN TARIFF AND TRADE BILLS

VOLUME II

AUGUST 14, 1991

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FOR IMMEDIATE RELEASE
TUESDAY, MAY 14, 1991

SUBCOMMITTEE ON TRADE #6
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1721

THE HONORABLE SAM M. GIBBONS (D., FLA.), CHAIRMAN, SUBCOMMITTEE ON TRADE, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, ANNOUNCES REQUEST FOR WRITTEN COMMENTS ON CERTAIN TARIFF AND TRADE BILLS

The Honorable Sam M. Gibbons (D., Fla.), Chairman of the Subcommittee on Trade, Committee on Ways and Means, U.S. House of Representatives, today announced that the Subcommittee on Trade is requesting written testimony for the record from all interested parties on the miscellaneous tariff and trade bills listed below.

A determination regarding further scheduling of public hearings or other Subcommittee action on any of these bills will not be made until after the close of this public comment period.

The tariff and trade bills on which written testimony will be received are:

Duty-Free Bills

H.R. 1936 (Mr. Green of New York and Mr. Rangel): To provide permanent duty-free treatment for certain chemicals.

H.R. 1984 (Mr. Ravenel): To provide permanent duty-free treatment for certain menthol feedstocks.

Duty Reduction Bills

H.R. 1781 (Mr. Beilenson): To suspend temporarily the duty on certain house slippers, and for other purposes.

H.R. 1922 (Mr. Andrews of Texas): To restore, until January 1, 1995, the rate of duty on myclobutanil that was in effect under the Tariff Schedules of the United States on December 31, 1988.

H.R. 1971 (Mr. Hughes): To restore the tariff rate applicable to certain glass ceramic cookware prior to the effective date of the Harmonized Tariff Schedule of the United States.

Duty Suspension Bills

H.R. 1260 (Mr. Roe): To suspend temporarily the duty on butyl methoxydibenzoylmethane.

H.R. 1409 (Mr. Skelton): To suspend until January 1, 1995, the duty on Pyrantel Tartrate with Zeolex.

H.R. 1410 (Mr. Skelton): To suspend until January 1, 1995, the duty on oxytetracylcline amphoteric.

H.R. 1499 (Mr. Archer): To provide temporary duty-free treatment for certain digital processing units.

H.R. 1520 (Mr. Mollohan): To suspend temporarily the duty on certain carbodiimide masterbatches.

H.R. 1530 (Mr. Torricelli): To extend duty-free treatment to certain chemicals.

H.R. 1567 (Mr. Levine of California): To suspend temporarily the duty on certain machined electronic connector contact parts.

H.R. 1615 (Mr. Jenkins): To provide for the temporary suspension of duty on sewing machine needles and spring-beard needles.

(MORE)

H.R. 1619 (Mrs. Johnson of Connecticut): To suspend temporarily the duty on N-[[4-chlorophenyl)-amino]carbonyl]-2,6-diflourobenzamide.

H.R. 1620 (Mrs. Johnson of Connecticut and Mrs. Kennelly): To suspend temporarily the duty on synthetic staple fibers containing 84 percent or more by weight of vinyl chloride and 14 percent or more by weight of vinyl acetate.

H.R. 1621 (Mrs. Johnson of Connecticut and Mrs. Kennelly): To temporarily suspend the duty on certain lead fuel test assemblies.

H.R. 1630 (Mr. McGrath): To suspend temporarily the duty on Ethyl Carbamate.

H.R. 1632 (Mr. McGrath): To suspend temporarily the duties on Cyclohexane, 1,1-bis(1-methylethoxy)-; Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-, ethyl ester; and 2-Acetylbenzo(b)thiophene.

H.R. 1748 (Mr. Rinaldo): To suspend temporarily the duty on Ethanone-1, 2-naphthyl-.

H.R. 1762 (Mr. Gilman): To suspend until January 1, 1995, the duty on beta lactamase inhibitor (Tazobactam).

H.R. 1763 (Mr. Gilman): To suspend until January 1, 1995, the duty on leucovorin calcium powder.

H.R. 1764 (Mr. Gilman): To suspend until January 1, 1995, the duty on Ethambutol hydrochloride.

H.R. 1765 (Mr. Gilman): To suspend temporarily the duty on pectin.

H.R. 1767 (Mr. Gilman): To suspend temporarily the duty on 6-Acetyl-1,1,2,3,3,5-hexamethyl Indan.

H.R. 1783 (Mr. Crane): To suspend temporarily the duty on fluorescent yellow R.

H.R. 1784 (Mr. Crane): To suspend temporarily the duty on fluorescent yellow FGPN.

H.R. 1787 (Mr. Crane): To suspend temporarily the duty on certain yellow coloring matter.

H.R. 1793 (Mr. Gejdenson): To suspend temporarily the duty on 4-(3,4-Dichlorophenyl)-1-tetralone.

H.R. 1797 (Mr. Gradison): To suspend temporarily the duties on certain chemicals.

H.R. 1806 (Mr. Mollohan): To suspend temporarily the duty on certain heterocyclic compounds.

H.R. 1812 (Mr. Quillen): To suspend temporarily the duty on photographic gelatin.

H.R. 1813 (Mr. Quillen): To suspend temporarily the duty on benzoxazol.

H.R. 1829 (Mr. Mollohan): To suspend temporarily the duty on UV-1084 light stabilizer.

H.R. 1832 (Mr. Santorum): To suspend temporarily the duty on certain chemicals, and for other purposes.

H.R. 1836 (Mr. Smith of New Jersey): To suspend until January 1, 1995, the duty on certain ceramic statues, statuettes, and hand-made flowers.

H.R. 1840 (Mr. Anthony): To suspend until January 1, 1995, the duty on N,N'-Ethylenebis(5,6-dibromo-2,3-norbornanedicarboximide.

H.R. 1841 (Mr. Anthony): To suspend until January 1, 1995, the duty on 1,2-Dibromo-4-(1,2-dibromoethyl)cyclohexane.

(MORE)

H.R. 1842 (Mr. Anthony): To suspend until January 1, 1995, the duty on Tetrabromocyclooctane.

H.R. 1843 (Mr. Anthony): To suspend until January 1, 1995, the duty on certain chemicals.

H.R. 1846 (Mr. Ballenger): To suspend until January 1, 1995, the duty on 3-amino-acetanilide-4-sulfonic acid.

H.R. 1847 (Mr. Ballenger): To suspend until January 1, 1995, the duty on 2,4-dinitro aniline.

H.R. 1848 (Mr. Ballenger): To suspend until January 1, 1995, the duty on chloranil.

H.R. 1849 (Mr. Ballenger): To suspend until January 1, 1995, the duty on diazo-2,1,4-sulfonic acid and its salts.

H.R. 1850 (Mr. Ballenger): To suspend until January 1, 1995, the duty on acet-p-anisidine.

H.R. 1858 (Mr. Cramer): To suspend until January 1, 1995, the duty on Basic Blue 1.

H.R. 1861 (Mr. Dwyer): To suspend for a 3-year period the duty on famotidine.

H.R. 1865 (Mr. Gradison): To suspend temporarily the duty on certain chemicals.

H.R. 1866 (Mr. Hatcher): To suspend until January 1, 1995, the duty on pyrmethyl alcohol.

H.R. 1867 (Mr. Hatcher): To suspend until January 1, 1995, the duty on TAC.

H.R. 1868 (Mr. Hatcher): To suspend until January 1, 1995, the duty on metmercazole.

H.R. 1869 (Mr. Hatcher and Mr. Coble): To suspend temporarily the duty on fluometuron and IBTF.

H.R. 1871 (Mr. Jenkins): To suspend temporarily the duty on Tralomethrin.

H.R. 1872 (Mr. Jenkins): To suspend temporarily the duty on Fenbendazole.

H.R. 1873 (Mr. Jenkins): To suspend temporarily the duty on halofuginone hydrobromide.

H.R. 1875 (Mr. Jenkins): To suspend temporarily the duty on fenoxaprop-ethyl and fenoxaprop-p-ethyl.

H.R. 1876 (Mrs. Kennelly): To suspend until January 1, 1995, the duty on ceramic (non-porcelain) mugs.

H.R. 1877 (Mrs. Kennelly): To suspend until January 1, 1995, the duty on imitation non-metal jewelry.

H.R. 1878 (Mrs. Kennelly): To suspend until January 1, 1995, the duty on porcelain ornaments.

H.R. 1881 (Mrs. Lowey of New York): To suspend until January 1, 1995, the duty on vigabatrin, nitrazepam, and clobazam.

H.R. 1887 (Mr. Oberstar): To suspend until January 1, 1995, the duty on Peridur.

H.R. 1888 (Mrs. Patterson): To suspend until January 1, 1995, the duty on Phospholan.

H.R. 1892 (Mr. Roe): To suspend temporarily the duty on N,N-dithio-di-(2,1-phenylene) bis benzamide until January 1, 1995.

(MORE)

H.R. 1902 (Mr. Valentine): To suspend until January 1, 1995, the duty on keto ester.

H.R. 1903 (Mr. Valentine): To suspend until January 1, 1995, the duty on lisinopril.

H.R. 1904 (Mr. Rinaldo): To suspend until January 1, 1995, the duty on certain chemicals.

H.R. 1905 (Mr. Vander Jagt): To suspend until January 1, 1995, the duty on certain chemicals.

H.R. 1906 (Mr. Vander Jagt): To suspend for a 3-year period the duty on certain sheet glass.

H.R. 1907 (Mr. Volkmer): To suspend temporarily the duty on oxalacetic acid diethyl ester sodium salt.

H.R. 1913 (Mr. Carper): To suspend until January 1, 1995, the duty on PCMX.

H.R. 1915 (Mr. Spratt): To suspend for a 3-year period the duty on omega-dodecalactam.

H.R. 1923 (Mr. Andrews of Texas): To temporarily suspend the duty on dicyclopentenyloxyethyl methacrylate.

H.R. 1925 (Mr. Andrews of Texas): To temporarily suspend the duty on 4,5-dichloro-2-n-octyl-4-isothiazolin-3-one.

H.R. 1927 (Mr. Andrews of Texas): To temporarily suspend the duty on 2-methyl-4-isothiazolin-3-one.

H.R. 1931 (Mr. Bustamante): To provide a separate tariff classification for, and to suspend temporarily the duty on, certain opal borosilicate glassware imported in sets.

H.R. 1933 (Mr. Dwyer of New Jersey): To suspend for a 3-year period the duty on Resin diaion HP 20.

H.R. 1935 (Mr. Gekas): To suspend for a 3-year period the duty on m-Chloroperoxybenzoic acid (MCPBA).

H.R. 1939 (Mr. Guarini): To suspend for a 3-year period the duty on finasteride and finasteride tablets.

H.R. 1942 (Mr. Kanjorski): To suspend for a three-year period the duty on [3R-[3-alpha(R*),4-beta]]-4-(acetyloxy)-3-[1-[[(1,1-dimethyl ethyl) dimethylsilyl]oxy]ethyl]-2-azetidinone, also known as acetoxy azetidinone.

H.R. 1947 (Mr. Schulze): To suspend temporarily the duty on sodium formaldehyde sulfoxylate.

H.R. 1949 (Mr. Schulze and Mr. Yatron): To suspend temporarily the duty on certain chemical intermediates.

H.R. 1951 (Mr. Shays): To suspend temporarily the duty on anthraquinone disulfonic acid sodium salt.

H.R. 1952 (Mr. Shays): To suspend temporarily the duty on carbonic dihydrazide for use in water treatment.

H.R. 1953 (Mr. Shays): To suspend temporarily the duty on acid violet 19.

H.R. 1958 (Ms. Slaughter of New York and Mr. Horton): To suspend temporarily the duty on certain fine fabrics of wool or fine animal hair.

H.R. 1961 (Mr. Taylor of Mississippi): To suspend temporarily the duty on phenyl hydrazine.

(MORE)

H.R. 1962 (Mr. Taylor of Mississippi): To suspend temporarily the duty on mandelic acid.

H.R. 1963 (Mr. Valentine and Mr. Price): To suspend until January 1, 1995, the duty on ranitidine hydrochloride.

H.R. 1964 (Mr. Zimmer): To suspend until January 1, 1995, the duty on certain thermosetting polyimide resins.

H.R. 1965 (Mr. Zimmer): To suspend until January 1, 1995, the duty on certain high-purity luminescent grade zinc sulfide.

H.R. 1975 (Mr. Ramstad): To suspend until January 1, 1995, the duty on certain ceramic ferrules and sleeves.

H.R. 1977 (Mr. Ravenel): To suspend until January 1, 1996, the duty on pentachlorothiophenol.

H.R. 1979 (Mr. Ravenel): To suspend until January 1, 1996, the duty on dimethyl succinyl succinate.

H.R. 1983 (Mr. Ravenel): To suspend until January 1, 1996, the duty on Resolin Red F3BS components I and II.

H.R. 1985 (Mr. Ridge): To suspend until January 1, 1995, the duty on certain chlorinated synthetic rubber.

H.R. 1990 (Mr. Ballenger): To suspend until January 1, 1995, the duty on secondary butyl chloride.

H.R. 2004 (Mr. Levine of California): To suspend temporarily the duty on unstuffed dolls.

H.R. 2006 (Mr. Neal of Massachusetts): To suspend temporarily the duty on Bis-(aminophenoxyphenyl) propane.

H.R. 2050 (Mr. Dwyer of New Jersey): To suspend for a 3-year period the duty on ofloxacin.

H.R. 2057 (Mr. Grandy): To suspend temporarily the duty on zinc powder.

H.R. 2060 (Mr. Kennedy, et al): To suspend temporarily the duties on certain chemicals.

H.R. 2061 (Mr. Kennedy, et al): To suspend temporarily the duties on certain instant print cameras.

H.R. 2066 (Mr. McGrath): To suspend temporarily the duty on imported baseball and softball gloves and mitts.

H.R. 2067 (Mr. McGrath): To suspend temporarily the duty on certain radio-tape player combinations.

H.R. 2078 (Mr. Ramstad): To include photoreceptors and assemblies containing photoreceptors within the temporary suspension of duty on parts of certain electrostatic copying machines, and to extend the suspension of duty until January 1, 1995.

H.R. 2107 (Mr. McDade): To provide for the temporary suspension of the duty on machines, and their parts, for use in the manufacture of video laser discs.

Extension of Existing or Expired Suspension Bills

H.R. 1258 (Mr. Quillen): To continue until the close of December 31, 1994, the existing suspension of duties on color couplers and coupler intermediates used in the manufacture of photographic sensitized material.

H.R. 1266 (Mr. Solomon): To extend until January 1, 1995, the existing suspension of duty on 2-(4-Aminophenyl)-6-methylbenzothiazole-7-sulfonic acid).

(MORE)

H.R. 1267 (Mr. Solomon): To extend until January 1, 1995, the existing suspension of duty on 6-Amino-1-naphthol-3-sulfonic acid.

H.R. 1268 (Mr. Solomon): To extend until January 1, 1995, the existing suspension of duty on 1-Amino-2-chloro-4-hydroxyanthraquinone.

H.R. 1519 (Mr. Mollohan): To suspend temporarily the duty on octadecyl isocyanate.

H.R. 1521 (Mr. Mollohan): To extend until January 1, 1995, the suspension of duty on certain carbodiimides.

H.R. 1529 (Mr. Torricelli): To extend until January 1, 1995, the suspension of duties on certain chemicals.

H.R. 1586 (Mr. Spratt): To extend the existing suspension of duty on tetraamino biphenyl.

H.R. 1616 (Mr. Jenkins): To extend the existing suspension of duty on crude feathers and down.

H.R. 1617 (Mr. Jenkins): To extend the temporary suspension of duties for hosiery knitting machines, hosiery knitting machine parts, hosiery knitting needles, and to include in the suspension other hosiery knitting machine parts used in forming stitches.

H.R. 1672 (Ms. Kaptur): To extend until January 1, 1995, the existing temporary suspension of duty on umbrella frames.

H.R. 1701 (Mr. Lancaster): To extend until January 1, 1999, the existing suspension of duty on Cefixime.

H.R. 1705 (Mr. Matsui): To extend for three years the existing suspension of duty on stuffed dolls, certain toy figures, and the skins thereof.

H.R. 1732 (Mr. Hutto): To extend the existing suspension of duty on chemical light activator blend.

H.R. 1740 (Mr. Manton): To continue the suspension of duties on certain power driven flatbed knitting machines and on certain knitting machines designed for sweater strip or garment length knitting.

H.R. 1766 (Mr. Gilman): To extend until December 31, 1996, the temporary suspension of duties on 7-Acetyl-1,1,3,4,4,6-hexamethyletrahydronaphthalene.

H.R. 1772 (Mr. Vander Jagt): To extend the existing suspension of duty on bendiocarb and to provide retroactive application to such duty suspension.

H.R. 1785 (Mr. Crane): To extend the existing suspension of duty on parts of aircraft generators.

H.R. 1786 (Mr. Crane): To extend the existing suspension of duty on fresh, chilled or frozen brussel sprouts, and for other purposes.

H.R. 1788 (Mr. Crane): To extend the existing suspension of duty on 4-Chloro-3-methylphenol.

H.R. 1796 (Mr. Gradison): To extend until January 1, 1995, the existing suspension of duty on certain chemicals.

H.R. 1798 (Mr. Gradison): To extend until January 1, 1995, the existing suspension of duty on certain umbrella frames.

H.R. 1803 (Mr. Mollohan): To extend the existing suspension of duty on 6-t-Butyl-2,4-xylenol.

H.R. 1804 (Mr. Mollohan): To extend the existing suspension of duty on BPIP.

H.R. 1805 (Mr. Mollohan): To extend the existing suspension of duty on MBEP.

(MORE)

H.R. 1807 (Mr. Olin): To extend the existing suspension of duty on Diflunisal.

H.R. 1814 (Mr. Reed): To extend until January 1, 1995, the existing suspensions of duty on certain chemicals.

H.R. 1825 (Mr. McGrath, et al): To extend the temporary suspension of duty on certain parts and accessories of indirect process electrostatic photocopying machines.

H.R. 1831 (Mr. Santorum): To provide for the temporary suspension of duty on certain chemicals, and for other purposes.

H.R. 1844 (Mr. Anthony): To extend until January 1, 1995, the existing suspensions of duty on certain chemicals.

H.R. 1851 (Mr. Barnard and Mr. Jenkins): To extend until January 1, 1995, the existing suspension of duty on certain piston engines.

H.R. 1855 (Mr. Cardin): To extend through December 31, 1994, the suspension of import duties on synthetic rutile.

H.R. 1857 (Mr. Coughlin): To extend for 3 years the existing suspension of duty on Ala Pro.

H.R. 1862 (Mr. Dwyer): To extend the existing suspension of duty on D-carboxamide.

H.R. 1863 (Mr. Dwyer): To extend the existing suspension of duty on amiloride hydrochloride.

H.R. 1874 (Mr. Jenkins): To extend until January 1, 1995, the existing suspension of duty on certain sulfonaides.

H.R. 1884 (Mr. McEwen): To amend the Harmonized Tariff Schedule of the United States to extend the suspension of the duties on certain bicycle parts, and for other purposes.

H.R. 1891 (Mr. Roe): To extend the existing suspension of duty of 2,4-Diamino-6-phenyl-1,3,5-triazine.

H.R. 1893 (Mr. Roe): To suspend temporarily the duty on dephenyl guanidine until January 1, 1995.

H.R. 1894 (Mr. Roe): To suspend temporarily the duty on di-o-tolyl guanidine until January 1, 1995.

H.R. 1896 (Mr. Roth): Relating to the tariff treatment of certain weaving machines for fabrics in excess of 4.9 meters in width.

H.R. 1899 (Mr. Valentine): To extend until January 1, 1995, the existing suspension of duty on Tfs Lys Pro in free base and tosyl salt forms.

H.R. 1901 (Mr. Valentine): To extend until January 1, 1995, the existing suspension of duty on norfloxacin.

H.R. 1908 (Mr. Volkmer): To extend until January 1, 1995, the existing suspension of duty on difenzoquat methyl sulfate.

H.R. 1909 (Mr. Volkmer): To extend until January 1, 1995, the existing suspension of duty on sulfathiazole.

H.R. 1910 (Mr. Volkmer): To extend until January 1, 1995, the existing suspension of duty on sulfamethazine.

H.R. 1919 (Mr. Whitten): To extend through December 31, 1994, the existing temporary suspension of the duty on certain disposable surgical gowns and drapes.

H.R. 1924 (Mr. Andrews of Texas): To extend the temporary duty suspension for certain articles.

(MORE)

H.R. 1926 (Mr. Andrews of Texas): To extend until January 1, 1995, the existing temporary suspension of the duty on triethylene glycol dichloride.

H.R. 1929 (Mr. Archer): To extend the existing suspension of duty on certain diamond tool and drill blanks, and for other purposes.

H.R. 1934 (Mr. Dwyer of New Jersey): To extend the existing suspension of duty on certain wood veneer.

H.R. 1937 (Mr. Guarini): To amend the Harmonized Tariff Schedule of the United States to suspend the duty on certain clock radios, and for other purposes.

H.R. 1938 (Mr. Guarini): To extend until January 1, 1995, the existing suspension of duty on acet quinone base.

H.R. 1940 (Mrs. Johnson of Connecticut by request): To extend the temporary suspension of duty on 1[1-((4-chloro-2-(trifluoromethyl)phenyl)imino)-2-propoxethyl]-1h-imidozole.

H.R. 1941 (Mrs. Johnson of Connecticut by request): To extend the temporary suspension of duty on 2,6-Dichlorobenzonitrile.

H.R. 1948 (Mr. Schulze): To extend until January 1, 1995, the existing suspension of duty on certain unimproved wools.

H.R. 1950 (Mr. Shays): To extend the existing suspension of duty on 3,5,6-trichlorosalicylic acid.

H.R. 1959 (Mr. Stokes): To extend the existing suspension of duty on mixed ortho/para-toluenesulfonamides.

H.R. 1973 (Mr. Mrazek): To suspend until January 1, 1995, the duty on certain plastic sheeting used as radiation shielding material.

H.R. 1976 (Mr. Ramstad): To extend until January 1, 1996, the existing suspension of duty on certain in-line roller skate boots.

H.R. 1978 (Mr. Ravenel): To extend until January 1, 1996, the existing suspension of duty on Paramine Acid.

H.R. 1980 (Mr. Ravenel): To extend until January 1, 1996, the existing suspension of duty on Anthraquinone.

H.R. 1981 (Mr. Ravenel): To extend until January 1, 1996, the existing suspensions of duty on certain chemicals.

H.R. 1982 (Mr. Ravenel): To extend until January 1, 1996, the existing suspension of duty on Trimethyl Base.

H.R. 2013 (Mr. Schulze and Mr. Yatron): To extend until January 1, 1995, the existing suspension of duty on certain chemicals.

H.R. 2044 (Mr. Coble): To extend until January 1, 1995, the existing suspension of duty on m-Toluic acid.

H.R. 2068 (Mr. McGrath, et al): To suspend temporarily the duty on digital processing units for automatic data processing machines, and for other purposes.

H.R. 2124 (Mr. Emerson): To extend the duty reduction on certain unwrought lead for a period of two years.

H.R. 2147 (Mr. Rose): To extend the existing suspension of duty on thiothiamine hydrochloride.

H.R. 2170 (Mr. Ford of Tennessee): To extend until September 30, 1992, the existing suspensions of duty on iohexol and iopamidol.

Classification Bills

H.R. 1498 (Mr. Archer): To amend the Harmonized Tariff Schedule of the United States to clarify the classification of mixed alkylbenzenes.

(MORE)

H.R. 1501 (Mr. Archer): To reduce the column 1 General rate of duty on Flurbiprofen.

H.R. 1614 (Mr. Jenkins): To provide for the tariff reclassification of durene.

H.R. 1631 (Mr. McGrath): A bill to amend the Harmonized Tariff Schedule of the United States to clarify the classification of linear alkylbenzene sulfonic acid.

H.R. 1815 (Mr. Russo): To amend the Harmonized Tariff Schedule of the United States to restore the duty rate that prevailed under the Tariff Schedules of the United States for certain twine, cordage, ropes, and cables.

H.R. 1828 (Mr. Machtley): Regarding the tariff classification of brassieres.

H.R. 1830 (Mr. Nagle): To reduce the column 1-general rate of duty on piperonyl butoxide (PBO).

H.R. 1859 (Mr. Donnelly): To make a technical correction with respect to the temporary duty suspension for clomiphene citrate.

H.R. 1928 (Mr. Anthony): To amend the Harmonized Tariff Schedule of the United States to clarify the classification of certain motor fuel and motor fuel blending stock.

H.R. 1957 (Ms. Slaughter of New York): To amend the Harmonized Tariff Schedule of the United States to change the rate of duty for certain bicycles.

H.R. 1966 (Mr. Atkins): Relating to the tariff treatment of certain water resistant wool trousers.

Customs and Other Nontariff Matters Bills

H.R. 1385 (Mr. Rose, et al): To amend the Harmonized Tariff Schedule of the United States to exclude certain footwear assembled in beneficiary countries from duty-free treatment.

H.R. 1416 (Mr. Blaz): Relating to wage certificates issued to producers in the insular possessions of the United States of watches and watch movements.

H.R. 1778 (Mr. Tauzin): Relating to the effective period of duty exemptions for certain foreign repairs made to United States vessels.

H.R. 1811 (Mr. Pickle): To provide duty-free treatment for certain entries of metallized or foil balloons.

H.R. 1824 (Mr. Levine of California): To extend the filing period for requests for reliquidation of certain entries.

H.R. 1835 (Mr. Smith of New Jersey): To provide for additional extension periods, not exceeding 2 years in the aggregate, in the time allowed for reexportation of certain articles admitted temporarily free of duty under bond.

H.R. 1838 (Mr. Russo): To reissue a production incentive certificate.

H.R. 1853 (Mr. Bustamante): To provide for the duty-free liquidation or reliquidation of, and the refund of customs duties for, certain entries of tissue paper products.

H.R. 1930 (Mr. Archer): To exempt semiconductors from the country of origin marking requirements under the Tariff Act of 1930.

H.R. 1945 (Mr. Perkins): To amend the Foreign Trade Zones Act to renew the existing customs exemption applicable to bicycle parts, not reexported, in foreign trade zones.

(MORE)

H.R. 1995 (Mr. Eckart): Regarding the payment of interest with respect to certain reliquidated entries.

H.R. 2036 (Mr. Browder): To provide for the reliquidation of certain entries of rock wool manufacturing machines and mechanical appliances and parts thereof.

H.R. 2069 (Mr. McGrath, et al): To amend the Harmonized Tariff of the United States regarding certain parts for automatic data processing machines.

H.R. 2163 (Mr. Cardin): To provide for the duty-free entry of rail passenger cars and parts imported for the use of certain public agencies.

Duty Increase Bill

H.R. 1749 (Mr. Russo, Mr. Cardin, et al): To correct the tariff rate inversion on certain iron and steel pipe and tube products.

Prohibition Bill

H.R. 1559 (Mr. Gibbons, Mr. Russo, Mr. Guarini, Mr. Coyne, Mr. Moody, Mr. Stark, Mr. Rangel, and Mr. Ford of Tennessee, Mr. Matsui, Mr. Cardin, et al): To prohibit the importation of semiautomatic assault weapons, large capacity ammunition feeding devices, and certain accessories.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Persons submitting written comments should submit six (6) copies by the close of business Wednesday, June 12, 1991, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, Room 1102 Longworth House Office Building, Washington, D.C. 20515.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal-size paper and may not exceed a total of 10 pages.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons, or any organization for whom the witness appears or for whom the statement is submitted.

4. A supplemental sheet must accompany each statement listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and the public during the course of a public hearing may be submitted in other forms.

* * * * * * * * * * * *

H.R. 1258

To continue until the close of December 31, 1994, the existing suspension of duties on color couplers and coupler intermediates used in the manufacture of photographic sensitized material

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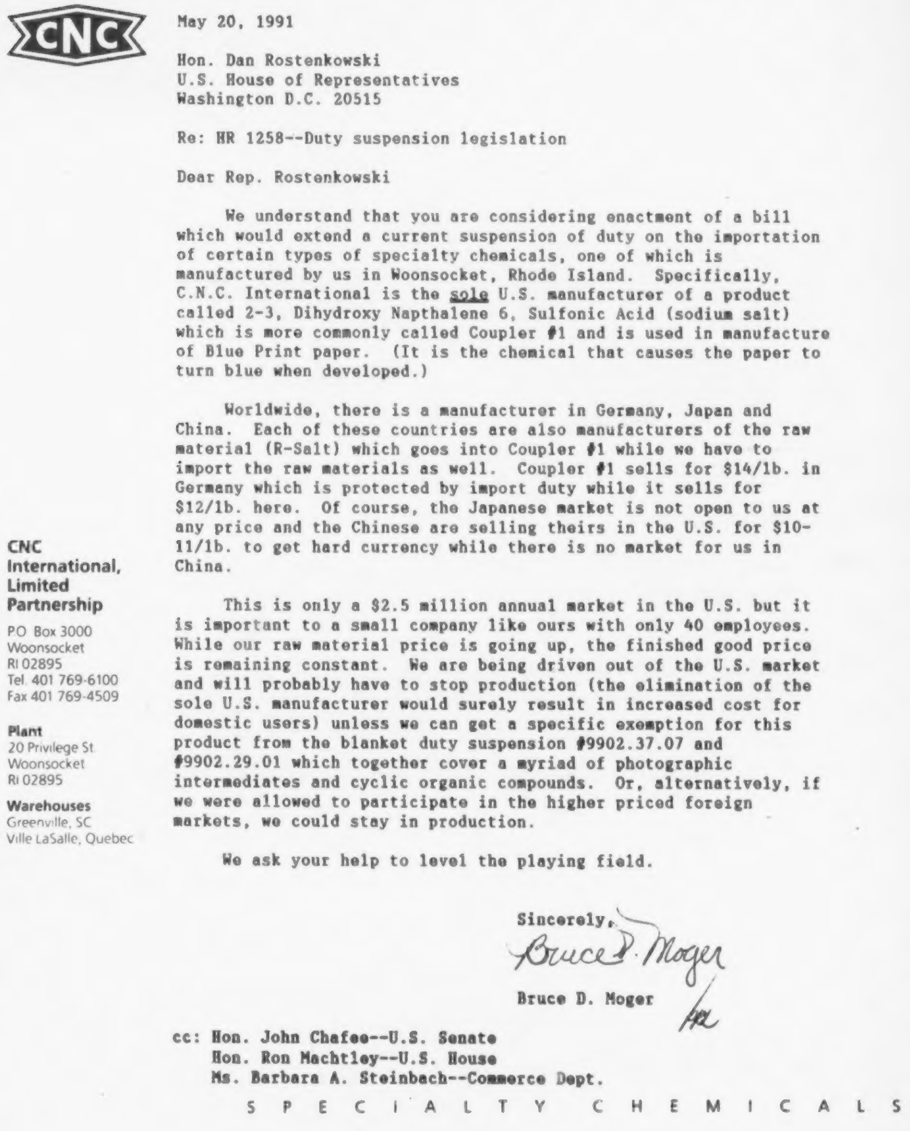
See also National Starch & Chemical Co. under H.R. 1867



CNC

CNC International, Limited Partnership

P.O. Box 3000
Woonsocket
RI 02895
Tel. 401 769-6100
Fax 401 769-4509

Plant
20 Privilege St.
Woonsocket
RI 02895

Warehouses
Greenville, SC
Ville LaSalle, Quebec

May 20, 1991

Hon. Dan Rostenkowski
U.S. House of Representatives
Washington D.C. 20515

Re: HR 1258--Duty suspension legislation

Dear Rep. Rostenkowski

We understand that you are considering enactment of a bill which would extend a current suspension of duty on the importation of certain types of specialty chemicals, one of which is manufactured by us in Woonsocket, Rhode Island. Specifically, C.N.C. International is the sole U.S. manufacturer of a product called 2-3, Dihydroxy Napthalene 6, Sulfonic Acid (sodium salt) which is more commonly called Coupler #1 and is used in manufacture of Blue Print paper. (It is the chemical that causes the paper to turn blue when developed.)

Worldwide, there is a manufacturer in Germany, Japan and China. Each of these countries are also manufacturers of the raw material (R-Salt) which goes into Coupler #1 while we have to import the raw materials as well. Coupler #1 sells for $14/lb. in Germany which is protected by import duty while it sells for $12/lb. here. Of course, the Japanese market is not open to us at any price and the Chinese are selling theirs in the U.S. for $10-11/lb. to get hard currency while there is no market for us in China.

This is only a $2.5 million annual market in the U.S. but it is important to a small company like ours with only 40 employees. While our raw material price is going up, the finished good price is remaining constant. We are being driven out of the U.S. market and will probably have to stop production (the elimination of the sole U.S. manufacturer would surely result in increased cost for domestic users) unless we can get a specific exemption for this product from the blanket duty suspension #9902.37.07 and #9902.29.01 which together cover a myriad of photographic intermediates and cyclic organic compounds. Or, alternatively, if we were allowed to participate in the higher priced foreign markets, we could stay in production.

We ask your help to level the playing field.

Sincerely,

Bruce D. Moger

Bruce D. Moger

cc: Hon. John Chafee--U.S. Senate
Hon. Ron Machtley--U.S. House
Ms. Barbara A. Steinbach--Commerce Dept.

SPECIALTY CHEMICALS

H.R. 1260

To suspend temporarily the duty on butyl methoxydibenzoylmethane

BASF Corporation

BASF

Robert G. Thoma
Vice President
Government Relations

June 17, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Ofc. Bldg.
Washington, DC 20515

RE: H. R. 1260

Dear Mr. Leonard:

In response to Chairman Sam Gibbons' notice of May 11, 1990, I am writing to express our opposition to H. R. 1260, introduced by Congressman Robert E. Roe to suspend the duty on butyl methoxydibenzoylmethane (Parsol 1789).

This chemical is directly competitive with our Ultra-Violet (U.V.) light absorbers which BASF manufactures at its works in Rensselaer, New York, and for which we have the capacity to supply U.S. domestic requirements.

Our U.V. light absorbers have been produced at Rensselaer for several years, and we plan to continue their production.

Elimination of duty on butyl methoxydibenzoylmethane would place us at a competitive disadvantage, and could negatively affect our U.S. operations and employment.

We respectfully request that the Committee on Ways and Means reject H. R. 1260.

Sincerely,

cc: Congressman Gerald Solomon
Congressman Robert Roe

Suite 755, 2100 Pennsylvania Avenue, N.W., Washington, D.C. 20037 (202) 296-4894 Telefax (202) 296-5133

GIVAUDAN

June 10, 1991

Mr. Robert J. Leonard, Chief Counsel
Chairman, Subcommittee on Trade
Committee on Ways and Means
1102 Longworth Building
U.S. House of Representatives
Washington, DC 20515

Re: H.R. 1260 (Mr. Roe) A Bill To
Temporarily Suspend the Duty
On Butyl Methoxydibenzoylmethane

Dear Mr. Leonard:

This statement is submitted in support of H.R. 1260, a bill which would provide for the temporary suspension of import duties for butyl methoxydibenzoylmethane [PARSOL ® 1789], a topical sunscreen drug.

We believe the facts set forth below sufficiently establish that such a duty suspension would provide benefits to U.S. companies, both large and small. Indeed, by seeking this suspension of import duties, Givaudan Corporation hopes to make PARSOL 1789 widely available in the United States on a current basis.

PARSOL 1789 is of major importance to American public health, because it represents a break-through in the goal of providing effective protection to the skin from the long-term deleterious effects of exposure to Ultra Violet-A (UV-A) from the sun. By UV-A radiation is meant that radiation emanating from the sun having wavelength between 320 to 400 mm. According to the U.S. Food and Drug Administration, "UV-A radiation contributes to both acute and chronic skin damage such as erythema, melanogenesis,carcinogenesis, drug-induced photosensitivity, photoaging and morphological alterations of the Langerhan cells.[1] " PARSOL 1789 is, therefore, a superior product which will be needed in order for American firms to remain competitive in the highly leveraged world-wide skin care market.

To our knowledge, PARSOL 1789 is the only topical drug recognized as an effective screen for UV-A radiation by the U.S. Food and Drug Administration as evidenced by the fact that it is active UV-A screen in the medicaments PHOTOPLEX® and FILTERAY®. Indeed, the U.S. F.D.A. has recently cautioned against possibly false and misleading claims of UV-A efficacy in OTC products, naming, inter alia, Oxybenzone as a sunscreen which "may not absorb sufficient UV-A radiation to provide an adequate level of protection against that radiation".[2] Therefore, to our knowledge, there is no product manufactured in the United States which can directly compete with PARSOL 1789.

GIVAUDAN CORPORATION
Delawanna Avenue Clifton, New Jersey 07015-5034 Telephone 201/365-8000 Telex 219259
Cable Givaudanco, Clifton Facsimile 201/777-9304 (Headquarters) 201/365-0711 (Plant)

GIVAUDAN

PARSOL 1789 is manufactured solely by Givaudan S.A. of Vernier/Geneva, Switzerland. PARSOL 1789 is covered by world patents, including U.S. Patent 4,387,089 which expires in the year 2002. PARSOL 1789 is imported into the United States by Givaudan Corporation of Clifton, New Jersey. Thus, Givaudan Corporation will remain the sole US importer of PARSOL 1789 for an additional 11 years.

Givaudan Corporation was founded in the year 1921 and currently employs 1,100 people in the state of New Jersey. Givaudan Corporation is a U.S. manufacturer, importer and net exporter of aroma chemicals, aroma chemical intermediates, organic intermediates, industrial biocides and specialty chemicals such as topical drugs, efficacious as sunscreen agents. Givaudan's products are sold to over 1,100 American firms, who, in turn, formulate these products into numerous consumer goods for sale in the United States and for export to foreign markets.

It may be of interest to the Subcommittee to note, that PARSOL MCX, a UV-B sunscreen, was at first imported into the United States as a product of Switzerland. Over a relatively short period of time, PARSOL MCX has been widely accepted by American producers of sun care products. Consequently, Givaudan Corporation has built and commissioned a manufacturing facility for production of PARSOL MCX to service not only the American market, but in 1991 Givaudan Corporation expects to export substantial quantities of PARSOL MCX to its foreign affiliates. Should the PARSOL 1789 market develop in an analogous manner to that of PARSOL MCX, as is, indeed, anticipated, then the manufacture of PARSOL 1789 in the United States for the American market and for export is a distinct possibility. Such an eventuality would not only contribute to the lowering of the trade deficit, but it would also increase American jobs in the higher-paid manufacturing sector.

For the information of the Subcommittee, the Royal Navy, Army and Air Force of Great Britain, engaged in recent hostilities in the Persian Gulf area, received as their standard sun care issue a preparation called UVISTAT ™, a product which provided the Royal forces with complete UV-A and UV-B protection not available to American armed forces. UVISTAT, produced in the United Kingdom, contains PARSOL 1789 as the active UV-A sunscreen agent.

PARSOL 1789 is current classifiable under HTS 2914.50.2000, dutiable at 11% ad val. and is imported only through the Port of New York ad JFK International Airport. U.S. imports over the past five years have been relatively small, approximately $500,000. While U.S. imports of PARSOL 1789 would be expected to increase during the three-year pendency of the duty suspension bill--perhaps to $2.5 MM, such a result would be contingent upon granting by U.S. F.D.A. of additional NDA's not only to Givaudan but also to American sun care producers, both large and small. However, at the same time that PARSOL 1789 imports would be expected to increase, its use as an active ingredient in numerous sun care products by

American manufacturers, both large and small, for sale in the U.S. and worldwide markets would likely result. Thus, the value of the PARSOL 1789 imports would be translated into increased sales of American-produced finished sun care products. Exports of American-produced finished sun care products containing PARSOL 1789 are expected to eclipse the total value of PARSOL 1789 imported during the life of the bill.

We respectfully submit, sir, that the above reasons establish that H.R. 1260, a bill to temporarily suspend import duties for butyl methoxydibenzoylmethane, [PARSOL® 1789] is properly the subject of favorable consideration Subcommittee on Trade the full Ways and Means Committee and the Congress as a whole.

We request duty suspension run through December 31, 1994.

Respectfully submitted,
GIVAUDAN CORPORATION
La Marr Blecker
Lamarr Blecker
Director of Marketing Services
Chemical Division

LB/sk
cc: The Hon Robert Roe
The Hon. Frank J. Guarini

1: See attached FDA comment letter

2: ibid

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Food and Drug Administration
Rockville MD 20857

Nicolas J. Lowe, M.D., F.R.C.P., F.A.C.P.
Professor of Dermatology
Division of Dermatology
UCLA School of Medicine
Los Angeles, CA 90034

Re: Docket No. 78N-0038
Comment No. APE00004

Dear Dr. Lowe:

This letter concerns your comment on claims for OTC sunscreen preparations that may provide protection against ultraviolet A (UV-A) radiation. This comment was submitted on November 24, 1987, in relation to the advance notice of proposed rulemaking on OTC sunscreen drug products published in the FEDERAL REGISTER of August 25, 1978 (43 FR 38206) and the notice of public meeting to discuss appropriate testing procedures for OTC sunscreen drug products published in the FEDERAL REGISTER of September 4, 1987 (52 FR 33598). The comment is filed as Comment No. APE00004 under Docket No. 78N-0038 in the Dockets Management Branch. Based on the information included in your submission, you stated that UVA radiation protection is important to both reduce the harmful direct effects of UV-A on the skin and to reduce the risks of photosensitization in susceptible individuals.

In addition to your comment, the agency received several other comments regarding UV-A claims. These submissions are filed as Comments No. APE00003, APE00017, C00004, C00078, and C00096 under the same docket in the Dockets Management Branch. Letters similar to this are being sent to each of these comments, and copies of the letters are being sent to the Cosmetic, Toiletry and Fragrance Association and the Nonprescription Drug Manufacturers Association.

The Division of OTC Drug Evaluation has reviewed the comments and other information and determined that UV-A claims and the applicable testing procedures should be addressed within the context of the OTC drug review or be the subject of approved new drug applications prior to marketing. We have the following specific comments concerning the information that was submitted to the agency:

Although the Panel's recommended labeling claims for Category I sunscreen ingredients include claims for photoprotection against the harmful rays of the sun that cause sunburn, cancer, and premature aging, UV-A radiation was not commonly accepted at the time that the Panel evaluated these ingredients (1973-1977) as being a significant factor in the development of these adverse effects, as was UV-B (Refs. 1 and 2). The Panel did not differentiate between UV-A and UV-B radiation when discussing the adverse effects caused by the sun (43 FR 38209 through 38212). In fact, the Panel did not differentiate between UV-A and UV-B radiation in its labeling recommendations. For example, the Panel stated that sunscreens protect against "sunburn," the "sun's burning rays," or the "sun's harsh and often harmful rays." Since the Panel's report was published (1978), many reports have been published in the scientific literature indicating that UV-A radiation, like UV-B radiation, is harmful to the skin (Refs. 1 and 3 through 9). Thus, the Division believes that consumers will benefit from labeling on OTC sunscreen drug products that clearly indicates if a product provides protection against UV-A radiation.

The Division is aware that UV-A radiation contributes to both acute and chronic skin damage such as erythema, melanogenesis, carcinogenesis, drug-induced photosensitivity, photoaging, and morphological alterations of Langerhan cells (Ref. 10). Although UV-B radiation is much more erythemogenic than UV-A radiation, the large amount of UV-A radiation present in the solar spectrum at the earth's surface results in a significant contribution to erythemogenesis. In fact, UV-A radiation may contribute 15 percent of the erythemal effectiveness of the solar spectrum at noon. At other times of the day, because of the greater atmospheric attenuation of shorter wavelengths with increasing zenith angle, the contribution of longer wavelengths may be relatively greater (Ref. 11). It has also been reported that UV-A radiation penetrates the skin more efficiently than UV-B. Approximately 40 to 50 percent of UV-A radiation is transmitted through Caucasian epidermis compared to 10 to 30 percent of UV-B radiation (Refs. 12 and 13), and UV-A radiation penetrates more deeply into the dermis than does UV-B radiation (Ref. 13). In addition, the Division is concerned that sunscreens with higher SPF values allow consumers to remain in the sun for long periods of time without burning, thus increasing UV-A exposure. For the above reasons, protection against UV-A radiation is becoming much more important than previously realized. The Division believes that protection against UV-A radiation may be as important to a consumer's well-being as protection against UV-B radiation and that UV-A claims should be more fully addressed in the rulemaking for OTC sunscreen drug products.

The Division is concerned that a sunscreen ingredient claiming to protect the consumer against UV-A radiation truly offers such protection. Sunscreen ingredients whose spectra extend only into the lower UV-A range (i.e., oxybenzone and perhaps lawsone with dihydroxyacetone) may not absorb sufficient UV-A radiation to provide an adequate level of protection against that radiation. Thus, UV-A protection claims in the labeling of products containing such ingredients would be partially false and would be misleading. The Division intends to propose that the agency require a Category I OTC sunscreen ingredient to have an absorption spectrum extending to 360 nm or above in order to be permitted to display UV-A protection claims in its labeling. A product containing such an ingredient must also demonstrate meaningful UV-A protection by satisfying the UV-A testing method requirements that the Division intends to propose be developed and included in the final monograph for OTC sunscreen drug products. Testing procedures for sunscreen ingredients that claim to protect against UV-A radiation will be discussed in a separate feedback letter.

The Division therefore intends to propose that if a Category I sunscreen ingredient has an absorption spectra that extends to 360 nm or above in the UV-A range (e.g., dioxybenzone, sulisobenzone, red petrolatum, titanium dioxide, octyl methoxycinnamate, octocrylene, and possibly lawsone with dihydroxyacetone), and if a product containing that ingredient can demonstrate UV-A protection using appropriate testing procedures (to be developed), then that product may identify itself as a "broad spectrum" sunscreen. There currently is a lack of adequate information for FDA to propose UV-A testing procedures upon which to base UV-A protection claims.

The Division is aware that various UV-A claims, including numerical claims similar to SPF factors, are either displayed on products that are currently on the market or will be on the market soon. If these products are marketed pursuant to the advance notice of proposed rulemaking for OTC sunscreen drug products, such claims as "broad spectrum" and "UVA/UVB sunblock" are considered unsubstantiated because there are no generally recognized testing procedures for determining UV-A protection.

Some other UV-A claims appear to be misleading and confusing. For example, proposed labeling of a new product "Shade Sunblock" includes UV-A protection percent numbers designated as "APFs." The label reads "APF 81%" on one line and on a lower line reads "Blocks 81% of UVA Burning Rays." To the consumer reading such a label, an APF of 81 would imply that 81 percent of UV-A radiation will be blocked by the product. In fact, according to professional labeling related to this product, an APF of 81 means that 81 percent of the UV-A radiation between 320 and 340 nm (UV-A's "burning" radiation) is blocked and tells the consumer nothing about protection from the other UV-A wavelengths, 340 though 400 nm. Such labeling may lead consumers to believe that they are obtaining a greater degree of UV-A protection than they actually are. These consumers then risk serious damage to the skin by increasing their exposure to sunlight on the assumption that they are adequately protected. Although we intend to propose UV-A protection indications in the tentative final monograph and to ask for public comment, at this time the agency considers any labeling relating to UV-A indications or any numerical factors designed to indicate UVA protection in the labeling of OTC sunscreen drug products that are currently marketed pursuant to the OTC drug review to be unsubstantiated and, therefore, unacceptable. Accordingly, any such product that displays UV-A protection claims may be subject to regulatory action.

The Division does not believe that a separate call for data is necessary to address OTC sunscreens that provide UV-A protection. Some data have already been submitted to this rulemaking, and this feedback letter informs interested persons how the Division is proceeding in this area. Any interested person may submit data and information after the publication of the tentative final monograph for OTC sunscreen drug products. If necessary, an amendment to this tentative final monograph will be published to address any comments concerning UV-A claims and testing procedures received in response to the tentative final monograph. However, the Division points out that ingredients not included in the monograph and new chemical entities that protect against UV-A exposure are considered to be new drugs and must be the subject of an approved application before they may be marketed in the United States with such claims.

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10. Pathak, M. A., "Sunscreens and Their Use in the Preventive Treatment of Sunlight-Induced Skin Damage," Journal of Dermatologic Surgery and Oncology, 13:739-750, 1987.

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H.R. 1266

To extend until January 1, 1995, the existing suspension of duty on 2-(4-Aminophenyl)-6-methylbenzothiazole-7-sulfonic acid)

No comments submitted.

H.R. 1267

To extend until January 1, 1995, the existing suspension of duty on 6-Amino-1-naphthol-3-sulfonic acid

No comments submitted.

H.R. 1268

To extend until January 1, 1995, the existing suspension of duty on 1-Amino-2-chloro-4-hydroxyanthraquinone

No comments submitted.

H.R. 1385

To amend the Harmonized Tariff Schedule of the United States to exclude certain footwear assembled in beneficiary countries from duty-free treatment

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AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION
ACTWU

JACK SHEINKMAN
President

ARTHUR LOEVY
Secretary-Treasurer

AFL-CIO, CLC
15 UNION SQUARE • NEW YORK, N.Y. 10003-3377
TEL (212) 242-0700 FAX (212) 255-7230

STATEMENT OF THE AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION, AFL-CIO

IN SUPPORT OF

HR 1385: TO AMEND THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES TO EXCLUDE CERTAIN FOOTWEAR AND LEATHER-RELATED PRODUCTS ASSEMBLED IN BENEFICIARY COUNTRIES FROM DUTY-FREE TREATMENT

TO THE SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS

JUNE 12, 1991

INTRODUCTION

The Amalgamated Clothing and Textile Workers Union, AFL-CIO, ("ACTWU") represents 250,000 workers concentrated primarily in the men's and boys' clothing, textile, footwear, and leather products industries (i.e., flat goods, work gloves and leather wearing apparel).

ACTWU strongly supports Congressman Rose's bill H.R. 1385, which would revoke section 222 CBI benefits for footwear and leather-related products. ACTWU believes that the Rose bill, and its Senate counterpart introduced by Senators Mitchell and Cohen must be passed. Without this legislation, a substantial number of jobs now held by U.S. footwear and leather-related product workers will likely shift to the Caribbean because:

- Under section 222, duty-free treatment will be given to footwear/leather products that are manufactured entirely in the Caribbean so long as U.S. components are used. There is no requirement or incentive in section 222 for U.S. manufacturers of these products to keep any domestic manufacturing (i.e., jobs) in the United States.
- Manufacturers of these products will flock to the Caribbean to take advantage of incredibly low labor rates, and then get the added advantage of entering these products duty-free.

In 1983 and, again, last year, Congress said no to CBI duty-free treatment of footwear and leather products to preserve jobs in these industries that have been decimated by imports. Section 222 clearly contradicts this action as it will cause the loss of the very jobs that Congress voted overwhelmingly to preserve. For this simple reason, Congress must overturn section 222 benefits for footwear and leather-related products. Moreover, the record suggests that both the legislative and administrative history of this provision is so muddled and confused that it warrants a second look. The Rose and Mitchell bills give us this opportunity.

HISTORY OF PROVISION

The House CBI legislation, as introduced, was silent on the issue of duty-free assembly (a duty-free 807[1]) in the Caribbean. However, during Trade Subcommittee consideration of the bill, the Administration recommended, and the Subcommittee accepted, duty-free treatment on all products (except textiles and apparel) assembled in the Caribbean with U.S. components.

When this issue reached the Finance Committee, the Committee approved duty-free assembly, but prohibited its application to the CBI-excluded products (i.e., petroleum, footwear, leather-related products, tuna, watches, textiles, apparel).

Next the CBI bill reached the Senate floor. Senator Kerry offered an amendment to this duty-free assembly provision that greatly expanded the scope of manufacturing operations that could be performed in a foreign country and still be eligible for duty-free treatment to include a number of non-assembly type operations (e.g., cutting and processing) that would normally be prohibited under 807.

It is useful to examine the debate on the Kerry Amendment, which is attached as Exhibit A. Senator Kerry said that his amendment was limited to certain high-tech products that, by the nature of their production, were not and would not be eligible for any "807"-type benefits in the CBI. It is clear that his interest did not extend to products such as footwear and leather-related products that could meet the assembly requirement. The Senate was also clear that the Kerry amendment did not extend to any products exempt from duty-free treatment under the CBI.

When the conferees met to reconcile the bills, they accepted the Senate's broadened provisions, and the House's list of products (except petroleum). Thus, the provision was broadened behind closed doors beyond the scope ever contemplated by either the House, Senate or, for that matter, the Administration that had proposed a much more limited version of it in the first place.

To make matters worse, the U.S. Customs Service is interpreting the legislative language in a manner, which ACTWU believes is incorrect. Customs' interpretation is not warranted by the legislative language nor the history of the provision.. ACTWU outlined these concerns to Deputy Assistant Secretary John Simpson in a letter dated October 16, 1990, which is attached as Exhibit B.

ENFORCEMENT

The argument has been put forward that while Section 222 may result in the loss of footwear/leather products jobs, jobs will be gained for footwear/leather component industries since section 222 will require the use of U.S. components (or foreign components, which have been substantially transformed in the U.S. to confer U.S. origin). However, whether U.S. companies supplying components for these products will really gain from this provision is at best uncertain. ACTWU believes that the ability to enforce the 100 percent U.S. origin requirement under section 222 will be very difficult, if not impossible. U.S. Customs shares this concern. In a March 4, 1991 letter to the U.S. International Trade Commission concerning CBI rules of origin (USITC Publication 2381, May 1991) Assistant Commissioner Samuel H. Banks said:

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[1] Under 807, a duty is assessed only on the value-added in a foreign country when the assembled article is returned to the U.S. In order to receive this preferential duty treatment, the components must be of U.S. origin and cut to shape (i.e., fabricated components) in the U.S. Generally, only assembly of the U.S. cut components is allowed under "807", no cutting or processing.

> Because the section 215 and 222 provisions only recently became effective (October 1, 1990), we are not as yet able to relate our experience in administering these preference programs. However, we perceive that certain problems will arise in the administration of the two programs, due in large part to their relaxed rules of origin. First, we believe it will be difficult for the importer to establish, and for Customs to verify, that the components or articles being exported to the Caribbean are, in fact, wholly of Puerto Rican or U.S. origin. Second, Customs will have difficulty in ascertaining whether the articles are transshipped through a non-BC [CBI Beneficiary Country](for additional operations) either before arrival in a BC or during their return to the U.S. Problems also may arise in ensuring that ineligible foreign materials (from non-BC or non-U.S. sources) are not used in the Caribbean processing operations. Moreover, there is a general concern that the minimal nature of these rules of origin may encourage the abuse of these programs for purposes of obtaining free treatment for materials or articles originating in developing countries.

With its limited resources, and growing number of preference programs, which require different rules and close monitoring, there is no way that Customs will be able to police or adequately enforce the 100 percent U.S. origin requirement under section 222.

CONCLUSION

Maintaining the CBI exemptions (from duty-free treatment) for footwear and leather-related products while allowing duty-free treatment for footwear/leather-related products made in the Caribbean from U.S. components under section 222 makes no sense whatsoever. In all the debate that has occurred since 1983 over why it is necessary to maintain the CBI footwear/leather-related product exemptions, the central, compelling argument has always been the need to preserve U.S. jobs. Section 222 will have the opposite effect. Indeed, section 222 rewards U.S. companies for moving their entire manufacturing operations and the jobs held by their employees to the Caribbean. ACTWU believes that this is not what Congress intended. The matter needs to be considered again -- outside the closed doors of the conference committee.

Exhibit A

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 75, line 5, after "assembled" insert "or processed".

On page 75, line 7, after "components" insert "or materials".

On page 75, line 20, after "assembled" insert "or processed".

On page 75, line 21, after "components" insert "or materials".

On page 76, line 5, after "components" insert ", materials".

Mr. KERRY. Mr. President, my amendment is simple and straightforward. It involves adding only five words to section 2007 of H.R. 1594. Section 2007 deals with duty-free treatment for articles assembled in CBI beneficiary countries from components produced in the United States.

My amendment would allow such duty-free treatment for articles, or materials, produced in the United States, but which also are processed in the beneficiary countries as well.

This amendment is addressed to the particular requirements of high-technology companies and those companies which produce such things as health devices. These companies have production requirements which are unlike those companies who produce components in the United States, send the components to the beneficiary * countries for assembly, and then return the end product directly to the United States for sale here. In the case of high-technology companies which produce electronic equipment or health devices, the product requires extensive processing as the final stage in the manufacturing process.

There are high-technology companies, some of them in my State, who have responded to the urging of this administration and the previous administration to take advantage of CBI and invest in the Caribbean. However, Customs has ruled that under existing law, since the end product is not assembled or substantially transformed in the beneficiary country, the end product is not eligible for CBI duty-free treatment when it is returned to the United States.

Because of this problem, many companies in my State which produce high-technology products such as electronic equipment, or health devices, would invest in processing facilities in CBI beneficiary countries if it were not for the problems posed by Customs interpretation of existing law. My amendment remedies this problem.

This amendment is designed to protect jobs in the United States while responding to a major foreign policy initiative of our Government—investing in the Caribbean and Central America to create the jobs necessary to begin bringing stability to that region of the world. The high-technology industry in the United States has been one of the hardest hit by foreign competition—often unfair foreign competition. If this provision were enacted into law, it would place many of our high-technology firms in a much more competitive position internationally. If not, I can assure my colleagues, that based upon discussions I have had with businessmen in my State, the Japanese will virtually take over completely the production of many high-technology products.

Mr. President, I am not aware of any opposition within the administration to this amendment. I think it makes good domestic policy and I think it makes good foreign policy.

The report accompanying H.R. 1233, the House-passed version of CBI II, stated that the provisions of the legislation were intended to provide an incentive for assembly and processing facilities in the Caribbean when only U.S. components or ingredients are used. The report stated further that section 113 of the House-passed bill, which is identical to section 2007 of H.R. 1594, was to encourage greater sales of U.S. products and further integration of production between the United States and the Caribbean.

Unfortunately, according to Customs, unless the amendment I am proposing is adopted, this goal will not be achieved. Therefore, I am hopeful the distinguished managers of the bill will accept my amendment.

Mr. President, this is a simple amendment that deals with the question of the treatment of those products which are not assembled or substantially transformed in beneficiary countries of the CBI, but adversely treated by Customs under the current interpretation of the law. By virtue of this amendment, which is very simple, it simply adds five words to the current section of H.R. 1594, this would permit certain high-technology companies to be able to invest in the CBI countries, maintain jobs in this country, advance the concepts of the CBI, and simultaneously be able to be competitive in the world in these high technologies.

It has been, as I say, cleared by both sides as well as by the administration, and I hope the Senate will agree to it.

Mr. GRAHAM addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. Mr. President, I have been authorized by the chairman of the Finance Committee to indicate that the committee has no objection to this amendment.

* CBI PROCESSING OF U.S. MATERIALS

Mr. BENTSEN. Mr. President, the amendment offered by the Senator from Massachusetts expands on a provision that is currently in the bill regarding duty-free treatment for articles assembled in CBI countries from U.S. components. This amendment would clarify that the amendment covers U.S. materials that are processed in CBI countries. That provision only applies to products eligible for duty-free treatment under the CBI and was not controversial in the committee.

It is my understanding that the administration does not object to the provision, and I know of no Senator that objects. Therefore, I am willing to accept the provision, on the understanding that if controversy arises in the conference, I would be inclined to drop the amendment.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I have examined the amendment, and I have conferred with the staff of the minority and Senator PACKWOOD's staff. It is my understanding there is no objection from those quarters.

I have no objection to the amendment, and I urge its adoption by our colleagues.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment (No. 1490) was agreed to.

Mr. KERRY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRAHAM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. KERRY. Mr. President, I yield the floor.

Mr. GRAHAM. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAHAM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT RECEIVED DURING RECESS

Under the authority of the order of the Senate of January 3, 1989, the Secretary of the Senate, on April 13, 1990, during the recess of the Senate, received a message from the President of the United States transmitting sundry nominations and a treaty, which were referred to the appropriate committees.

(The nominations received on April 13, 1990, are printed in today's RECORD at the end of the Senate proceedings.)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Kalbaugh, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate mes-

Exhibit B

ACTWU
AFL-CIO, CLC
15 UNION SQUARE • NEW YORK, N.Y. 10003-3377
TEL (212) 242-0700
FAX (212) 255-7230

JACK SHEINKMAN
President

ARTHUR LOEVY
Secretary-Treasurer

October 16, 1990

Mr. John P. Simpson
Deputy Assistant Secretary
Regulatory, Tariff & Trade Enforcement
Room 4308
Department of, Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Simpson:

The Amalgamated Clothing and Textile Workers Union (ACTWU), AFL-CIO represents a substantial number of workers in the textile, flat goods, footwear and apparel industries (including work gloves and leather wearing apparel). Our membership accounts for some 280,000 people nationwide.

On behalf of our members who work in the footwear, work glove, leather apparel and flat goods industries, I am writing to you about section 222 of the Customs and Trade Act of 1990, Public Law 101-382. We have reviewed Fact Sheet No. 19, Customs' directive on section 222, and it is our view that Customs appears to be taking the broadest interpretation possible of what could best be characterized as a flawed statute. We believe that Customs' present interpretation of section 222 is not justified by the confused and ambiguous legislative history of section 222. Furthermore, interpreted broadly, section 222 will result in the wholesale transference of jobs in these industries to the Caribbean, undermining Congress' clear intent to preserve jobs in the footwear and leather-related products industries by maintaining exemptions from zero duties for these products.

We understand that liquidation of duties will be suspended on footwear until there is resolution of whether or not footwear is an article of apparel pursuant to section 222.

VICE PRESIDENTS

JOHN ALLERUZZO
NOEL BEASLEY
ELMER CABAN
ED CLARK

ANTHONY COSTANZA
JEAN MARC COUTURE
OLGA DIAZ
JAMES DILLON
BRUCE DUNTON
GARRY FERNANDES

JOHN FOX
ARTHUR HESSNER
JOHN HUDSON
JAMES A. JOHNSON
RICHARD MACFADYEN
JOYCE D. MILLER

MURRAY MORENO
DANIEL MYERS
FRANK NICHOLAS JR.
CARMEN PAPALE
BRUCE RAYNOR
THOMAS RUMORE

AMANDA STEVENS
JOAN SUAREZ
CECIL TOPPIN
JIM WALRAVEN

Leather wearing apparel and leather-related work gloves[1] are certainly articles of apparel, and we ask that you direct the ports to suspend liquidation of duties on these articles as well, pending resolution of this issue.

Furthermore, we understand that Customs will also suspend liquidation of duties on articles entered pursuant to section 222 where the components used in the assembled article are not first cut in the U.S. pending resolution of certain "policy" issues. We believe that Customs is displaying reasonable caution here. We do not believe that subsection (B) of section 222, "processed in whole of ingredients (other than water) that are a product of the United States, in a beneficiary country" was ever intended to apply to manufactured articles such as footwear, or leather-related products. This view is further bolstered by the Administration's own testimony before the House Ways and Means Committee on subsection (B) language, which explains the need for the provision as a way to allow fruit juice processors to dilute and process fruit juices, such as apple juice, in the Caribbean and still qualify for duty- and-quota free treatment.

Thus these manufactured articles should be entered pursuant to subsection (A) of section 222, which states, "assembled or processed in whole of fabricated components that are a product of the United States,..." We believe that the term "fabricated components that are a product of the United States," should be interpreted the same way that Customs interprets the term "fabricated components" for purposes of "807" operations: that these components should be cut-to-shape/length in the United States. To ignore subsection (A) altogether, and allow even these modest cutting jobs to leave the United States, clearly flies in the face of what was originally contemplated by CBI proponents in Congress and the Administration in fashioning section 222.

We hope that Congress will act to overturn section 222 or at least exclude footwear and leather-related products from its provisions. In the meantime, many jobs in these industries hang in the balance depending on how Customs rules on the issues discussed above. We look forward to your early response.

Sincerely,

Arthur Gundersheim

Arthur Gundersheim
Assistant to the President

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[1] "Leather-related" work gloves would encompass all non-textile work gloves.

EX IM
ANNIVERSARY
70TH
1921 1991

American Association of
Exporters and
Importers 11 West 42nd Street, New York, NY 10036 (212) 944-2230
(FAX) 212-382-2606

June 6, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee On Ways and Means
U.S. House of Representatives
Longworth House Office Bldg.
Room 1102
Washington, D.C. 20515

RE: H.R.1385

Dear Mr. Leonard:

The American Association of Exporters and Importers (AAEI) is a national organization comprised of over 1100 U.S.-company members involved in every aspect of international trade. AAEI has promoted fair and free trade for its seventy years in existence.

AAEI is opposed to H.R.1385 introduced by Representative Rose and others to exclude certain footwear assembled in beneficiary countries from duty free treatment. Developing countries, in order to continue to develop, must have beneficial access to the U.S. market. This is especially true where an industry, such as footwear, is labor intensive and is vital to the economy of such a developing country.

Further, the law which this bill seeks to amend promotes U.S. jobs by allowing U.S. origin goods to be assembled abroad. If this benefit is removed, U.S. jobs could be lost to other countries as the total production moves offshore.

Finally, AAEI strongly objects to the "retroactivity" of this bill. U.S. business must not be penalized for following correctly a law passed by the U.S. Congress.

For these reasons, AAEI urges the Subcommittee to not approve H.R.1385 for consideration by the full Ways & Means Committee.

Sincerely,

Eugene J. Milosh
President

CARIBBEAN
LATIN AMERICAN ACTION

AN ORGANIZATION ASSOCIATED WITH THE AMERICAS SOCIETY, INC.

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: MISCELLANEOUS TARIFF AND TRADE BILLS
SUBCOMMITTEE ON TRADE NOTICE #6

Dear Mr. Leonard:

This written testimony is submitted with regard to H.R. 1385, a bill which would amend the Harmonized Tariff Schedule of the United States with regard to imports of certain footwear and leather-related products entering from Beneficiary Countries of the Caribbean Basin Economic Recovery Act. The Board of Directors of C/LAA wish to record their firm opposition to H.R. 1385.

Further, the Board of Directors of Caribbean/Latin American Action believe that this legislation is highly controversial, in that it calls for the termination of duty-free treatment for certain exports from the Caribbean Basin countries, without justification or explanation. We believe that this legislation should be considered under Committee procedures for trade legislation of a significant policy impact. This legislation is inappropriate for discussion as a so-called "Miscellaneous Tariff Bill", since it is legislation which would violate important trade policy commitments of the United States.

In this regard, we would remind the Subcommittee that the CBERA benefits affected by H.R. 1385 were extended to the Caribbean Basin as a result of the passage of the Customs and Trade Act of 1990. Implementation of the provision in question–Section 222–began on October 1, 1990 for most affected products. We are aware of no changes in U.S. trade, employment, or production over the past 8 months which would warrant a decision by the Congress to overturn a CBERA provision.

The Subcommittee will also recall that Section 222 was vigorously supported by the Caribbean Basin private sector and by the national Governments of the region. (Please note, in this regard, the attached letter from the Government of Grenada).

While the trade is relatively small in many of the "leather-related" articles affected by Section 222 (and H.R. 1385), a healthy number of the Caribbean Basin countries--including the Dominican Republic, Haiti, Guatemala, Costa Rica, Panama, Honduras, El Salvador, St. Lucia, and Jamaica are participating in this trade. Moreover, other countries, like Grenada, are in the process of developing linkages with suppliers in the United States of leather and other products which would be used in the local manufacture of footwear and leather-related products.

Those U.S.-Caribbean Basin linkages are, of course, a prerequisite for obtaining the benefits of Section 222. Section 222 is actually a catalyst for increased exports by U.S. tanners and manufacturers of other components which are used in the production of footwear and other leather-related articles eligible for Section 222 benefits. These materials and components are made principally in the Northeast and Midwest, where new export markets are a highly-prized economic asset, both for the producer and the community-at-large.

C/LAA would be pleased to appear before the Subcommittee on Trade to present further information on the importance of Section 222 to the development of nontraditional manufacturing in the Caribbean Basin. We would be prepared to present credible evidence that Section 222 is not, nor could it be, a substantial cause of injury to any the U.S. footwear or leather-product industries.

Sincerely,

Peter B. Johnson
Executive Director

GRENADA INDUSTRIAL DEVELOPMENT CORPORATION

Telephone: 444-1035-1038
Fax: 444-4828

Frequente
Industrial Park
St. George's,
Grenada W.I.

Our Ref. GIDC 76/25
Your Ref.

June 10, 1991

Mr Damian Anderson
Caribbean Latin American Action
Suite 510,
1211 Connecticut Avenue N.W.
Washington, DC 20036
USA

Dear Mr Anderson

Regarding our telephone conversation and communication of June 6, 1991, I wish to inform your organization, on behalf of the Government of Grenada, that our country will suffer a great embarrassment and some hardship if the "Bill" to "exclude all footwear, and all leather-related products from the benefits of the Sec. 222 Provision"

The Grenada Industrial Development Corporation is in the process of considering the lending of support to a local entrepreneur for the manufacturing of various types of leather goods for export to the U.S. Passage of the proposed "Bill" will surely frustrate the efforts of a young local businessman and, at the same time, to put an end to the formation of another viable industry in Grenada.

As a result of the above, I would more than appreciate C/LAA taking this letter as Grenada's opposition to the proposed "Bill" and filing same with the Committee of Ways and Means.

Thanks for your kind cooperation and assistance in this matter.

Sincerely,

Dr. Samuel Lujan Ch.
Snr. Investment Promotion Officer

SL/va

STATEMENT OF THE LUGGAGE AND LEATHER GOODS MANUFACTURERS OF AMERICA, INC.

IN SUPPORT OF

HR 1385: TO EXCLUDE CERTAIN FOOTWEAR AND LEATHER-RELATED PRODUCTS ASSEMBLED IN BENEFICIARY COUNTRIES FROM DUTY FREE TREATMENT

TO THE SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS

JUNE 12, 1991

1. Introduction

This statement is submitted by the Luggage and Leather Goods Manufacturers of America, Inc. (LLGMA). The LLGMA is an association whose several hundred member companies represent the luggage and flat goods industry in the United States and its suppliers. Products made by LLGMA members are produced from a variety of materials, including textiles, leather, plastic and vinyl. LLGMA member companies account for the vast majority of all sales of luggage, business cases, and flat goods in the United States. The LLGMA strongly supports Congressman Rose's bill, which would exclude leather-related goods (such as luggage and flat goods) and footwear from section 222 of PL 101-382.

2. Section 222 Provisions Are of Great Concern to LLGMA Members

Section 222 provides for the duty-free entry of articles made with U.S. components in CBI beneficiary countries. section 222 greatly expands "807"-assembly-type operations. Virtually the entire manufacturing process can occur in the Caribbean so long as U.S. materials/components are used.

U.S. producers of luggage and flat goods who wish to continue manufacturing in the United States would be greatly disadvantaged by this provision. The incentives provided in section 222 to move all production and jobs in these industries to the Caribbean are simply enormous. The reason Congress said no to a 50 percent duty reduction on our products was to keep U.S. luggage and flat goods jobs and production in this country. This provision would clearly have the opposite effect.

LLGMA believes that section 222 will pose a nightmare for an overly-burdened Customs Service, and will be virtually impossible to enforce. Transshipments will be commonplace. There will be no real means to verify that the actual components used in the finished products are of U.S. origin. For example, there are a least a dozen items that go into making luggage: leather, locks, frames, wheels, rivets, textile linings, etc. There is no requirement in section 222 that specifically requires Customs to reconcile what goes out as components with what comes in the form of a finished article. If current practice is a guide, it should be noted that procedures to reconcile outgoing cut pieces with assembled articles later entered under "807" are woefully inadequate. Section 222, which greatly expands "807", is an invitation to transshipment of both parts and finished articles.

3. The Import Sensitivity of Luggage and Flat Goods is Well-Documented

Leather-related industries were the only industries that were asked to relinquish part of their tariff protection in the latest extension of the CBI, despite import penetration rates that are higher than most other industries. Section 222, as currently written, would strike a second blow to the ability of domestic manufacturers to continue to produce these products in this country.

The import sensitivity of luggage and flat goods is well-documented. Imports of luggage and flat goods are estimated to have around two-thirds and one-half of the U.S. market, respectively.

Growing imports of these products have been met with corresponding declines in employment in the luggage and flat goods industries. Overall, employment has dropped by almost 14 percent since the CBI was first enacted in 1983. Table 1 reflects these economic indicators in greater detail.

4. Conclusion

The Conference Committee, which met to reconcile the House- and Senate-passed versions of section 222, expanded its provisions far beyond the original scope contemplated by either body. LLGMA believes that had this controversial provision been fully aired, it would have met with substantial opposition and been rejected because it is clearly inconsistent with the intent manifested in the retention of the product exemptions elsewhere in the bill. The latter was a matter of some considerable debate, and there can be little question as to where Congress came out on this question since the exemptions were largely preserved. The Rose bill provides the Congress with an important opportunity to revisit this issue in the careful and deliberative fashion, which it deserves.

TABLE 1

SELECTED ECONOMIC INDICATORS OF THE LUGGAGE & PERSONAL LEATHER GOODS INDUSTRIES[1]

Employment (number of employees)	Luggage (SIC 3161)	Personal Leather Goods (Flat Goods) (SIC 3172)
1982	13,700	11,700
1983	12,900	11,100
1984	13,200	11,000
1987	11,300	8,800
1988	11,700	9,000
1989	11,700	9,000
Production/ Shipments	(million dollars)	(million dollars)
1982	647.0	393.0
1983	676.0	419.0
1984	718.0	405.0
1987	817.0	412.0
1988(P)	822.0	394.0
1989(P)	860.0	375.0
Imports	(million dollars)	(million dollars)
1982	334.8	87.4
1983	399.9	105.2
1984	563.8	134.3
1987	846.3	222.3
1988	837.5	249.9
1989	982.5	243.8
Import Penetration[2] (percent)		
1982	48(E)	26(E)
1983	51(E)	28(E)
1984	58(E)	34(E)
1987	64(E)	46(E)
1988(P)	64(E)	49(E)
1989(P)	67(E)	50(E)

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[1] 1985 and 1986 are not included on this chart because domestic shipments data (in value terms) for some industries, as presented by Census, were unreliable.

[2] For the luggage and personal leather goods industries, where import and domestic production data are available only in terms of value, import penetration has been estimated to reflect estimated penetrations in terms of units.

(E) -- Estimated
(P) -- Preliminary

Source: Economic Consulting Services Inc.; based on U.S. Department of Commerce, International Trade Commission, and Bureau of Labor Statistics data.

Comments of the Rubber and Plastic Footwear Manufacturers Association in support of HR 1385 to Amend Section 222 of the Customs and Trade Act of 1990 so as to Exclude Footwear Assembled in Beneficiary Countries from Duty-Free Treatment.

The Rubber and Plastic Footwear Manufacturers Association (RPFMA) is the spokesman for manufacturers of most of the waterproof footwear and rubber-soled, fabric-upper footwear produced in this country. The names and locations of the manufacturers appear on Appendix I.

HR 1385 would add footwear and leather products to the list of exclusions from the terms of Section 222 of the CBI. The RPFMA supports HR 1385 as essential to the economic health of the domestic footwear industry, with special reference to the survivability of the rubber footwear segment of the industry. Principal domestic manufacturers of slippers, namely Supreme Slipper of Lewiston, Maine, and S. Goldberg and Co. of Hackensack, New Jersey, although not currently members of RPFMA, have indicated their endorsement of and affiliation with this statement. Slippers, like rubber footwear, are labor-intensive and highly import sensitive.

Until the 1990 enactment of Section 222, footwear had been exempted from duty-free treatment when coming from the Caribbean. This exemption was originally enacted after public hearing and due consideration by the Ways and Means Committee, the Finance Committee and both Houses of Congress. It remained in effect through the years despite frequent efforts at repeal. Indeed, a provision which would have reduced duties on footwear from the Caribbean by 50% was contained in and then dropped from the very bill which added footwear to those items which were granted duty-free treatment when manufactured or assembled from American components. An amendment proposed in the Senate to provide a 50% cut in rubber footwear duties was defeated by a vote of 66 to 33, and the Senate version of Section 222 was consistent with this action in that it excluded footwear from duty-free treatment. The House and Senate compromise on Section 222 modified the House version by adding petroleum and petroleum products to the list of exclusions, but went along with duty-free treatment for footwear. This action occasioned the introduction of HR 1385 and the companion Senate bill, S 405.

Section 222 was added by the Ways and Means Committee in the course of its mark-up of the Customs and Trade Act and was not subjected to the give and take of a public hearing. Had there been such a hearing, the rubber footwear industry would have made it clear that all of the factors which prompted this Committee and the Congress to exclude footwear from either duty-free treatment or a 50% cut were equally applicable to the provisions of Section 222. Companies in this industry already use, or can easily substitute, American components in the manufacture of their footwear. The requirement of domestic components as a condition for duty-free treatment in no way alters the threat to domestic employment which such treatment poses.

Duties on rubber footwear are relatively high, ranging up to 37.5% for protective footwear and in excess of 65% for fabric-upper footwear, and the consequence of duty elimination would therefore be particularly drastic. Despite the level of duties, fabric footwear imports currently take some 74% of the American market and protective footwear imports close to 40%. This duty structure has been examined and re-examined by the United States Government for the past several decades and was sustained in both the Kennedy Round and the Tokyo Round. Although the Uruguay Round is still in progress, there is reason to believe that our Government will not agree to duty cuts which would imperil existing levels of employment in the domestic footwear industry. American negotiators have been conscientious in hearing the views of and analyzing the economic facts related to this industry. We are satisfied that a similar approach by this Committee would result in the adoption of HR 1385.

It may be debatable as to whether Section 222 as presently written will result in a significant shift of import sourcing from countries like China, Thailand and Indonesia to the Caribbean. What is not debatable is that duty-free treatment for the Caribbean is an irresistible inducement to domestic companies to close plants in states such as North Carolina, Maine, New Hampshire, New Jersey, Georgia, Pennsylvania, Illinois, New York, Florida, Massachusetts, West Virginia and Wisconsin, and to shift their operations to the Dominican Republic and Honduras. The fact is that many domestic companies have, since the passage of the 1990 law, visited the Caribbean in order to assess the potential for production there. These companies have refrained from acting on their assessments solely because of the pendency of HR 1385 in the House and S 405 in the Senate. For example, a manufacturer with close to 700 employees in New England asserts that "if the duty structure continues to favor Caribbean production...we will have to reassess our position....The question is not whether or not jobs will be lost here, but how many jobs will be lost and how soon."

Another manufacturer, one of the largest and most prominent producers, with well over 1,000 employees, states that "Rubber footwear producers from the low wage areas of the world would set up operations in the Caribbean, and our importer competitors would contract with them for their production to take advantage of the duty-free entry of athletic footwear. To survive, [this company] would be forced to do the same." If Section 222 is not amended, this company will be prepared to shift 75% to 85% of its employment to the Caribbean.

Still another manufacturer: "If this legislation is not amended, while [this company] will make every possible effort to keep some manufacturing operations state side, there is no doubt that our stitching operation would be sourced off-shore. Our factory employs 300 to 350 people and at the very least 10% of the jobs would be eliminated almost immediately."

And a fourth company: "Our cost department has put together costs based upon pre-CBI II versus the new CBI II law. These costs show that under CBI II an advantage anywhere from seventeen to twenty seven percent is gained versus the pre-CBI II law.... [With] the cost advantages of certain products mentioned above, we feel certain that we will lose market share if not total sales of these products, which in turn will adversely affect the number of workers we can employ. If we are to stay competitive, we have no alternative other than to investigate production in the Caribbean ourselves."

A fifth company: "With the elimination of all duties from the Caribbean Basin, of which the vast majority fall into the 37-1/2% duty rate, our company would face the unfortunate alternatives of closing our factory or moving our entire production to one of the Caribbean nations to remain competitive." This is a company which has been in business for 95 years, has over 400 employees, and has been "proudly displaying the 'Made in the U.S.A.' hang tag." This company adds that "we will do our utmost [to] continue that tradition. Hopefully, our legislators will permit us to do so."[1]

Improvement of the standard of living in the Caribbean is vital, but so too is the survival of what is left of the highly labor-intensive footwear industry. The failure to enact HR 1385 will clearly have the effect of substituting footwear jobs in the Caribbean for footwear jobs in the United States, and domestic footwear employment ought not to be a pawn in the effort to improve the life of workers in the Caribbean.

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[1] These manufacturers prefer not being identified in a public document; the identity can be made available, with further details, on a confidential basis.

The Caribbean already has a viable footwear industry. The publication Sports Trend for April 1991, in an article entitled "Law Could Affect Growing Caribbean Industry," contains the following language:

> "'Dominican Republic Leads Caribbean In Footwear'
>
> "According to Jaime Alvarez of the Dominican Republic Investment Promotion Council, about 24 major U.S. firms either operate plants or source shoes and components from that country.
>
> "Of those, several are for athletic footwear purposes, including Adidas, L.L. Bean, Converse and William Brooks Shoe Co., although the latter's athletic shoes are exported to countries other than the United States.
>
> "The Dominican Republic, like other Caribbean countries, has industrial free zones that provide added incentives to manufacturers.
>
> "Those include: the exoneration of all corporate taxes for 8-20 years; duty-free entry for all equipment and raw materials; freedom from foreign currency holding and exchange restrictions; and unrestricted repatriation of profits.
>
> "In 1989, the Dominican Republic had 13 such zones but that number has now grown to 23. Others are being developed as the country actively pursues more companies, particularly footwear manufacturers.
>
> "Twenty-one other Caribbean and Latin American countries are members of the CBI, offering various incentives for manufacturers.
>
> "An aggressive marketing campaign and the Dominican Republic's low labor costs has helped the country become the region's leading exporter of shoe uppers to the United States and one of the largest in the world.
>
> "For example, through the first six months of 1990, the Dominican Republic exported 4.3 million pairs of shoe uppers to the United States, compared to Mexico's 1.6 million, the runner-up. Taiwan exported 647,000 shoe uppers to the United States during that period.
>
> "However, a large portion of the Dominican Republic's production was for casual shoes or unbranded footwear. Still, the country has attracted the attention of several well-known athletic footwear companies, said Alvarez.
>
> "Adidas, Warren, N.J., has combined the Far East with the Caribbean in its manufacturing. The company has contracted with a Korean firm to manufacture complete shoes in the Dominican Republic.
>
> "'They bought our factory in Pennsylvania,' said Gary Wakely, vice president of marketing for Adidas. 'It was set up originally as a stitching operation; then we decided to do complete shoes.'
>
> "Although Adidas only signed the contract a few months ago, Wakely said he is encouraged by the results.
>
> "'The proximity to the U.S. is a big factor. I've been down there and it has possibilities,' he said."

There simply is no logical reason why CBI countries cannot now, under existing rates of duty, compete successfully with the distant Pacific in capturing a fair share of the American footwear market. Appendices II and III illustrate how successful the Pacific has been and what the effect has been on domestic employment.

We find it difficult to believe that our national interest would be well served by a significant further shrinkage of footwear employment in this country. We therefore urge the adoption of HR 1385. At the very least, we hope that this Committee will hold a hearing on this bill so that all interested parties will have a full and fair opportunity to discuss the consequences of failure to adopt it.

APPENDIX I

RUBBER AND PLASTIC FOOTWEAR MANUFACTURERS ASSOCIATION
(March, 1991)

Converse, Inc.
One Fordham Road
North Reading, MA 01864

Draper Knitting Co., Inc.
28 Draper Lane
Canton, MA 02134

Endicott Johnson
1100 East Main Street
Endicott, NY 13760

Frank C. Meyer Co.
585 South Union Street
Lawrence, MA 01843

Franklin Plastics
113 Prosaic Avenue
Kearney, NJ 07032

Genfoot America, Inc.
The Old South Building
11th Floor
294 Washington Street
Boston, MA 20108-4675

Kaysam Corporation of America
27 Kentucky Avenue
Paterson, NJ 07503-2597

Kaufman Footwear Corporation
700 Alicott Street
Batavia, NY 14020

LaCrosse Footwear, Inc.
P.O. Box 1328
LaCrosse, WI 54602-1328

New Balance Athletic Shoe, Inc.
38 Everett Street
Allston, MA 02134

Servus Rubber Co., Inc.
P.O. Box 36
Rock Island, IL 61204-0036

Tingley Rubber Corporation
P.O. Box 100
S. Plainfield, NJ 07080

APPENDIX II

SHOES WITH RUBBER OR PLASTIC SOLES/FABRIC UPPERS (SIC 30210 10)
(Figures in Thousands of Pairs)

	Production	Exports	Imports	Consumption	%Imports
1990*	78,700	8,700	199,200	269,200	74.0
1989	76,800	10,000	190,100	256,900	74.0
1988	76,700	900	157,700	233,500	68.0
1987	71,000	800	119,500	189,700	63.0
1986	57,900	1,000	99,100	156,000	64.0
1985	54,900	800	84,800	138,900	61.0
1984	64,516	1,120	107,685	171,865	62.7
1983	78,054	1,203	102,662	180,019	57.0
1982	92,896	1,367	99,032	194,398	50.9
1981	95,399	1,564	137,632	231,003	59.6
1980	97,516	1,694	120,746	216,207	55.8
1979	78,130	1,223	111,390	193,381	57.6
1978	79,278	644	172,700	253,683	68.1
1977	90,417	800	106,000	196,587	53.9
1976	115,354	700	115,400	234,471	49.2
1975	131,155	600	74,100	206,376	35.9
1974	146,500	1,010	67,352	210,838	31.9
1973	143,077	29	66,291	214,837	30.9
1972	159,399	105	58,020	217,314	26.7
1971	156,489	112	62,872	219,249	28.7
1970	144,276	129	49,726	193,873	25.6
1969	142,295	195	44,463	186,563	23.8
1968	152,257	239	49,200	201,218	24.5
1967	153,656	211	44,659	198,104	22.5
1966	157,491	167	35,060	192,384	18.2
1965	165,741	195	33,363	198,909	16.8
1964	162,151	225	29,063	190,989	15.2

RUBBER & PLASTIC PROTECTIVE FOOTWEAR (SIC 30210 20)
(Figures in Thousands of Pairs)

	Production	Exports	Imports	Consumption	%Imports
1990*	15,500	800	8,700	23,400	37.0
1989	13,700	600	8,200	21,300	38.0
1988	13,800	700	8,900	22,000	40.0
1987	11,100	800	9,600	19,900	48.0
1986	12,200	500	10,700	22,400	48.0
1985	16,500	400	12,800	28,900	44.0
1984	17,734	296	16,010	32,830	48.8
1983	15,459	305	13,373	26,562	50.3
1982	13,920	386	11,103	24,611	45.1
1981	10,652	551	7,485	18,028	41.5
1980	14,473	653	7,548	21,552	35.0
1979	23,531	645	12,544	36,517	34.4
1978	28,893	514	13,444	36,130	37.2
1977	23,380	400	10,700	34,402	31.1
1976	17,261	400	9,600	26,800	35.8
1975	16,135	300	4,100	20,600	19.9

*: Preliminary figures

Official Government figures on rubber and plastic protective footwear were not compiled for years earlier than 1975.

Source: Compiled from official statistics of the U.S. Department of Commerce

APPENDIX III

PRODUCTION EMPLOYMENT
(in thousands)

RUBBER AND PLASTIC FOOTWEAR

1973	26.3	1983	14.1
1974	25.3	1984	14.0
1975	22.3	1985	10.9
1976	21.6	1986	9.2
1977	20.9	1987	9.4
1978	21.0	1988	9.7
1979	19.9	1989	9.0
1980	19.8	1990	8.8
1981	19.0		
1982	16.2		

	1988	1989	1990	1991
January	9.8	9.0	8.8	8.6
February	10.1	9.1	8.9	8.9*
March	10.2	9.1	9.0	
April	10.1	9.0	8.9	
May	10.2	8.9	8.9	
June	9.9	9.0	8.9	
July	9.0	8.7	8.4	
August	9.5	8.2	8.9	
September	9.3	9.3	8.9	
October	9.3	9.4	8.9	
November	9.3	9.2	8.8	
December	9.2	8.9	8.7	

*: preliminary figure

Source: Bureau of Labor Statistics, U.S. Department of Labor

UFCW

Willie L. Baker, Jr.
International Vice President
Director, Public Affairs Department

June 12, 1991

The Honarable Sam M. Gibbons
Committee On Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Representative Gibbons:

On behalf of the 1.3 million members of the United Food and Commercial Workers International Union (UFCW), and its thousands of working men and women in the domestic footwear industry, I would like to take this opportunity to express my views relative to several bills which are being considered by the subcommittee on Trade: H.R. 1385 sponsored by Representative Charles Rose, and H.R. 1781 sponsored by Representative Anthony Beilenson.

H.R. 1385

The UFCW supports this legislation. H.R. 1365 repeals Section 222, Caribbean Basin Initiative (CBI), benefits for footwear and leather-related products. Currently, U.S. law provides for U.S. duties and quota exemptions for footwear and leather-related products which are assembled in CBI countries if processed from U.S. ingredients or components. Clearly, this creates an irresistible incentive to manufacture abroad in order to take advantage of cheap foreign labor. This means a loss of jobs in the United States.

The non-rubber footwear industry has already been decimated by imports over the last two decades resulting in the closure of over 660 plants nationwide and the loss of over 150,000 jobs in direct manufacturing alone. It is patently unfair to working men and women in the footwear industry to allow products which are manufactured abroad to enter this country duty-free; clearly, this is unfair competition for workers in an industry which is in extremis.

William H. Wynn
International
President

Jerry Menapace
International
Secretary-Treasurer

Public Affairs Department
Direct Line
(202) 466-1560

United Food & Commercial Workers
International Union, AFL-CIO & CLC
1775 K Street, N.W.
Washington, D.C. 20006
(202) 223-3111 FAX (202) 466-1562

Twice last year, (once in the Senate and once in the House) Congress defeated attempts to reduce duties on footwear imports from Caribbean Basin nations by 50 percent. This was a clear expression of congressional intent to insulate domestic footwear workers from further damage to their livelihoods caused by imports. This action was consistent with the original intent of congressional lawmakers who voted for CBI in 1983 and chose to exempt footwear and other import sensitive products. In 1990, Section 222 benefits for footwear were adopted contrary to previously expressed congressional concern. All of this took place during the course of a House-Senate conference expanding the law under 807, which had previously allowed duty free treatment only for the value added part of the final product.

While the intended objective of Section 222 -- to increase employment in CBI countries -- may be a laudable goal, it should not be done at the expense of working families in the United States.

H.R. 1781

The UFCW would also like to take this opportunity to express its concern relative to H.R. 1781, a bill which would reduce the duty on certain footwear items. The UFCW opposes this legislation sponsored by Representative Anthony Beilenson. Unfortunately, this measure (which was incorrectly printed as a measure to "suspend temporarily the duty") would have adverse effects on domestic footwear workers and businesses. The bill describes the type of footwear affected as follows:

> "footwear with uppers of vegetable fibers, with outer soles of cellular rubber or cellular plastic, with open toe and open heel, made on a base or platform of wood...."

While the bill labels this "house slippers," the definition appears to more accurately describe sandals. This presents a serious problem to the current expansion plans of employers whose workers are represented by the UFCW. In fact, it could force these domestic manufacturers to shelve plans to increase their workforce in order to produce footwear items that appear to be covered by this definition.

An official of the TRIMFOOT Company located in Farmington, Missouri states the following in a letter attached hereto:

> "Current business in slippers and associated products will be placed in jeopardy....by this measure... In addition, new product lines are being developed for Spring '92 which includes similar product...The reduction...jeopardizes our ability to compete in a marketplace already flooded with imported goods."

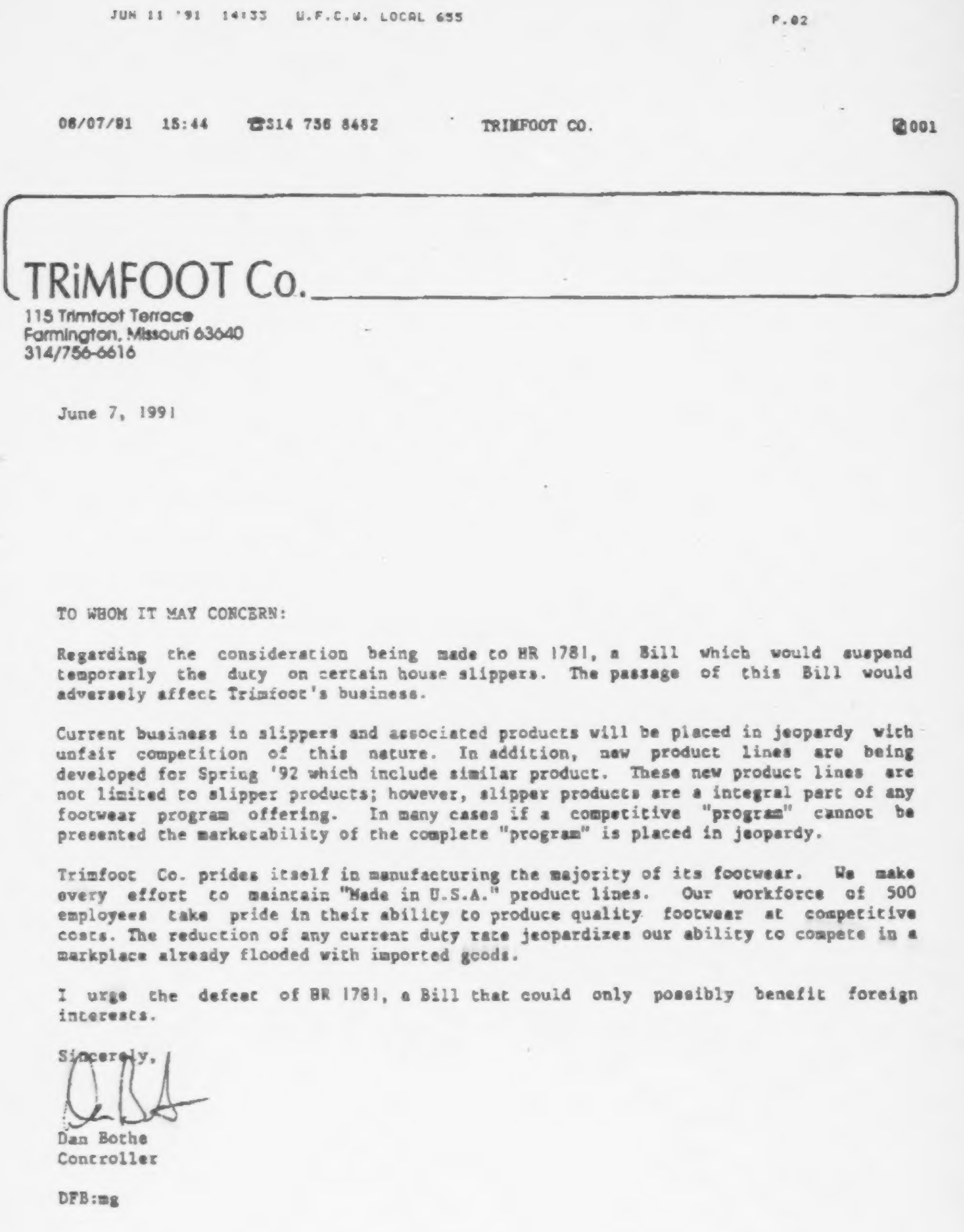
In the midst of the current recession, the UFCW believes it particularly important that government not interfere with the efforts of domestic manufacturerers in the footwear industry to expand their U.S. workforce. At the very least, a hearing should be held to more closely scrutinize the effects of this measure on the already decimated footwear industry.

Sincerely,

Willie L Baker, Jr.

International Vice President
Director, Public Affairs Department

Attachment



JUN 11 '91 14:33 U.F.C.W. LOCAL 655 P.02

06/07/91 15:44 ☎314 756 8462 TRIMFOOT CO. 001

TRiMFOOT Co.
115 Trimfoot Terrace
Farmington, Missouri 63640
314/756-6616

June 7, 1991

TO WHOM IT MAY CONCERN:

Regarding the consideration being made to HR 1781, a Bill which would suspend temporarly the duty on certain house slippers. The passage of this Bill would adversely affect Trimfoot's business.

Current business in slippers and associated products will be placed in jeopardy with unfair competition of this nature. In addition, new product lines are being developed for Spring '92 which include similar product. These new product lines are not limited to slipper products; however, slipper products are a integral part of any footwear program offering. In many cases if a competitive "program" cannot be presented the marketability of the complete "program" is placed in jeopardy.

Trimfoot Co. prides itself in manufacturing the majority of its footwear. We make every effort to maintain "Made in U.S.A." product lines. Our workforce of 500 employees take pride in their ability to produce quality footwear at competitive costs. The reduction of any current duty rate jeopardizes our ability to compete in a markplace already flooded with imported goods.

I urge the defeat of HR 1781, a Bill that could only possibly benefit foreign interests.

Sincerely,

Dan Bothe
Controller

DFB:mg

Statement of the
United Rubber, Cork, Linoleum & Plastic Workers of America
to the
Trade Subcommittee
House Ways & Means Committee
on
H.R. 1385

Submitted by
Steve Clem
Director of Research & International Affairs

June 10, 1991

The United Rubber, Cork, Linoleum & Plastic Workers of America (URW) is an international labor union headquartered in Akron, Ohio. We represent approximately 110,000 workers across the United States and Canada. The URW is affiliated with the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) and the Canadian Labour Congress (CLC).

We are submitting this statement in support of H.R. 1385, a bill introduced by Representative Charlie Rose which would amend Section 222 of the Customs and Trade Act of 1990 so that footwear products made in Caribbean Basin nations would be included among those items subject to import duties.

Currently, footwear products which are manufactured in Caribbean Basin countries are allowed to come into the United States duty-free. It is well-known that the American footwear industry is not a strong industry; it has been fighting for its very existence for many years. Many plants have shut their doors and a great many jobs have been lost. The fact that this industry needs help to survive has long been recognized by the Congress. Present law, however, seems to go against what has been the clear and consistent intent of Congress to provide this troubled industry protection from imports.

As we in the URW understand the sequence of events, it would appear that footwear was initially to be included among those items subject to import duties under Section 222, however, when the bill came out of the conference committee, footwear had lost that protection. There has been conjecture that some members of the Senate and House voted for the measure not realizing that the status of footwear had been greatly altered.

While the process was certainly more complex than described in the preceding, we believe that this "oversight" must be corrected or much more damage will surely be done to an already beleaguered industry. We have been proponents of protection for the rubber footwear industry since the 1960s. We have seen our membership in the footwear industry, particularly the rubber segment of that industry, dwindle over the years. Where we once represented several thousand workers making rubber footwear, we now represent only about 1,100 at three plants, all of which make only protective rubber footwear:

Tingley Rubber South Plainfield, NJ	URW Local 182
Servus Rubber Rock Island, IL	URW Local 215
La Crosse Rubber La Crosse, WI	URW Local 14

Employment in this industry has continued to decline; only about 9,000 production workers remained in 1990. Wages have felt the full impact of foreign competition and stood at only about $6.70 for 1990—and remember these are factory wages.

It is our concern and our contention that present wording of Section 222 of the Customs and Trade Act of 1990 will make worse an already considerable problem for the domestic footwear industry. We do not believe it is necessary or reasonable to provide Caribbean Basin nations with an additional advantage when their labor costs are some 15-20 times lower than their U.S. based competition.

As a nation, we talk about how we must maintain our manufacturing base, yet our trade legislation often seems geared toward doing just the opposite. The present issue is a good case in point. We realize this is not a big industry, but that should not be reason to encourage its demise.

The domestic footwear industry has been almost eliminated because of foreign competition. It is hard for us as representatives of working people to understand the rationale for legislation that eliminates our members' jobs. We urge the Committee to support H.R. 1385 and help companies that have made the commitment to remain in the United States. These companies should be rewarded, not asked to pay a still higher price than they already have.

SC:slu/opeiu 339

H.R. 1409

To suspend until January 1, 1995, the duty on Pyrantel Tartrate with Zeolex

No comments submitted.

H.R. 1410

To suspend until January 1, 1995, the duty on oxytetracylcline amphoteric

CYANAMID

American Cyanamid Company
One Cyanamid Plaza
Wayne, NJ 07470

April 26, 1991

The Honorable Daniel Rostenkowski
Chairman
Ways and Means Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to voice my objections to H.R. 1410, introduced by Rep. Ike Skelton (D-MO). The bill would suspend the current 3.7% duty on oxytetracycline amphoteric until December 31, 1994.

Oxytetracycline and chlortetracycline are used in significant quantities as therapeutic agents for incorporation into animal feed and drinking water. They provide disease prevention and control, thereby increasing productivity and lowering the cost of the production of beef, pork, and chicken.

Chlortetracycline competes directly for this market with oxytetracycline products. We estimate the total value of this market to be M$120, 25% of which is supplied by oxytetracycline and 75% by chlortetracycline.

American Cyanamid Company manufactures chlortetracycline at three U.S. plant locations: Hannibal, MO, Willow Island, WV, and Pearl River, NY. Employees at these locations engaged in the production of this product number 25, 39, and 10 respectively, for a total of 74. Chlortetracycline-based products represent a very significant proportion of the M$100 annual sales of Cyanamid Animal Health and Nutrition Department, which also employs an additional 80 administrative and support personnel at our Wayne, NJ, headquarters and various sales offices throughout the country.

The tetracycline antibiotics (tetra, chlor, oxytetra) all currently carry a 3.7% duty rate. Suspending the duty on oxytetracycline would put further competitive cost pressure on the market, by depressing already low priced oxytetracycline available from abroad, principally the Peoples Republic of China.

Cyanamid has supported its chlortetracycline business in terms of research, development and plant equipment expenditures exceeding M$10 per year over the last three years. This commitment in turn has helped maintain a lower cost food supply for the American

Farmer and Consumer. Adequate profit margins must be generated to provide the continued R&D and capital investment needed to support this market.

Eliminating the oxytetracycline tariff would put Cyanamid at a substantial competitive disadvantage that could seriously jeopardize our ability to maintain our position.

If any further information is required, please do not hesitate to contact us.

W. J. Murray

W.J. Murray
President
Agricultural Division

CC: International Trade Administration
Room 2202
U.S. Department of Commerce
Washington, DC 20230

Rep. Harold Volkmer
Rep. Alan B. Mollohan
Rep. Benjamin Gilman
Rep. Chris Smith

H.R. 1416

Relating to wage certificates issued to producers in the insular possessions of the United States of watches and watch movements

---

BENRUS WATCH COMPANY, INC.

1550 WEST CARROLL AVENUE • CHICAGO, IL 60607-1012 • PHONES: (312) 243-3300 • FAX (312) 243-6500

May 20, 1991

Mr. Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Bldg.
Washington, DC 20515

Dear Mr. Leonard:

On behalf of Benrus Watch Company and our Virgin Island associates, Hampden Watch Company, I would like to indicate our support for H.R. 1416.

The provisions in this bill will greatly facilitate the cash receipts generated by the PIC and in effect give all beneficiaries a small raise in income.

Currently nearly all PIC beneficiaries are forced to discount the PICs as none of us have sufficient import duties paid to cover the refunds to which we are entitled.

We urge the approval of H.R. 1416 by the Subcommittee on Trade and look forward to your favorable consideration.

Sincerely,

H. L Wein

cc: Mary Braunsdorf, Timex
Ben Bibb, Off. of Cong. Vincente Blaz
Sheila Ross, Off. of Cong. Ron de Luga

mce

JULES JURGENSEN,
CORPORATION
Chronometer and Watchmaker
ESTABLISHED AT COPENHAGEN 1740
ROYAL ORDER OF DANEBROG AND THE "ROYAL LEGION D'HONNEUR"

May 23, 1991

Robert J. Leonard, Esq.
Committee on Ways and Means
U.S. House of Representatives Rm 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

On behalf of **Jules Jurgensen Watch Company** and **Tropex Inc, a U.S.Virgin Island Corporation**, I would like to express our support for H.R. 1416. Watch companies in the insular possessions like Tropex Inc, receive Production Incentive Certificates ("PICS") from the Department of Commerce based primarily on wages paid to residents of the possessions. The face amount of the PIC is used to recover duty paid by the company on the importation of watch parts. This bill permits watch companies to have the option of receiving a cash reimbursement from the Department of Treasury, rather than being required to apply the PIC's towards duty paid.

H.R. 1416 would be beneficial to those companies whose primary watch production comes from the V.I. or Guam, and which do not import watches into the U.S. from other locations. The current system forces them to sell the PIC's at a discount and takes away part of the benefit which enabled them to locate and to provide jobs in the possessions. Additionally most often the PIC's must be sold to either a competitor and or a supplier which creates a suttle pressure on the company selling the PIC to "return the favor"and therefore adversely affects competition. Discounting of the PIC's also provides benefits to unintended parties.

Moreover, because of the extensive paperwork involved in processing PIC's, reimbursement for wages can take as long as 20 months from the date credible wages are first are paid. H.R. 1416 would be beneficial to all eligible watch companies, as well as the government, since the level of administrative processing would be reduced. Also the cash reimbursement option would allow companies to receive the PIC's benefits sooner.

Considering the above we respectfully request H.R. 1416 be approved by the Subcommittee on Trade of the Committee on Ways and Means.

Sincerely,
Morton Clayman
Morton Clayman
President

WASHINGTON SQUARE BUILDING, 700 CHESTNUT STREET, PHILADELPHIA, PA. 19106
(215) 922-1486 / FAX (215) 592-0807
●
2300 LA CHAUX DE FONDS, AVENUE LEOPOLD ROBERT 86, SWITZERLAND
(039) 23 58 66 / FAX (039) 23 21 35

MASTER TIME COMPANY, LTD.
HELBROS WATCHES INC.
P.O. Box 849, Christiansted, St. Croix, U.S.V.I. 00820 • 809-773-5353
Helbros Watches Inc., 330 West 34th Street, NY, NY 10001 • 212-736-1144

May 23, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S.House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr.Leonard:

On behalf of Master Time Company, Ltd., (a Virgin Islands watch company and a division of Helbros Watches, Inc., a U.S. watch company), I would like to voice our support for H.R. 1416. Watch companies in the insular possessions, mainly the U.S.Virgin Islands and Guam, currently receive Production Incentive Certificates ("PICs") from the Department of Commerce based on wages paid and volume of watches produced, which can be credited against duty paid by the company for watch imports. This bill would allow the watch companies to have the option of receiving a cash reimbursement from the Department of Treasury, rather than being required to apply the PICs towards duty paid. For small companies whose primary watch production come from the V.I. or Guam, and which does not import watches into the U.S. from other locations, the current system forces them to sell the PICs at a discount to another watch company, thus taking away some of the incentive which enabled them to settle in the V.I. and to provide jobs in the first place.

For larger companies, the cash reimbursement option appears to allow them to receive the benefit provided by PICs at an earlier time and, most likely, with less paperwork than is necessary when the amount of duty must be calculated to credit against the PICs.

We therefore ask that H.R. 1416 be approved by the Subcommittee on Trade of the Committee on Ways and Means.

Sincerely,

MASTER TIME COMPANY, LTD.

Mark L. Kallan
President

05/22/91 20:48 ☎6714727380 CONG BLAZ GU/CDO ↔ DCO BEN BLAZ 006

Timewise Limited
AGANA GUAM 96910, U. S. A. TELS: 472-8111

FAX MESSAGE

TO . ______________________ DATE MAY 20, 1991

ATTN.: ______________________ FROM JOHN KUMMER

FAX.NO. ______________________ PAGES (Incl. this Page) 2

RE: HR 1416
AS SOLICITED BY THE HONORABLE SAM M. GIBBONS, CHAIRMAN SUBCOMMITTEE ON TRADE, COMMITTEE OF WAYS AND MEANS, US HOUSE OF REPRESENTATIVE

RELEASE OF TUESDAY, MAY 14, 1991

MR. CHAIRMAN,

IN SUPPORT OF HR 1416 WE SUBMIT THE FOLLOWING CONSIDERATIONS:

1. THE BILL HAS NO EFFECT ON THE BUDGET AS IT MERELY SEEKS AN ADMINISTRATIVE ADJUSTMENT.
2. IT REDRESSES AN INJUSTICE FROM WHICH WE HAVE SUFFERED SINCE THE INCEPTION OF LAW 97-446. AS A WATCH MANUFACTURER WHO SOLELY PRODUCES DUTY FREE WATCHES FOR THE US MARKET AND DOES NOT IMPORT ANY DUTIABLE [illegible] PRODUCTS FROM ABROAD WE HAVE NO RECORD FOR REFUNDABLE DUTY. CONSEQUENTLY, ALL THESE YEARS WE HAVE TO FIND A PARTNER IN THE WATCH IMPORTING COMMUNITY WHO WAS WILLING - AGAINST A CONSIDERATION - TO EXCHANGE OUR PRODUCTION INCENTIVE CERTIFICATE, (PIC) [illegible] CASH. FOR THIS SERVICE WE HAVE TO PAY ANYTHING BETWEEN 10 & 13%.SINCE THE INCEPTION OF THE PIC PROGRAM IN 1983 WE HAVE LOST IN THIS WAY CLOSE TO $100,000.00.
3. FOR CHECKING THE FIGURES AND MAKING OUT THE CHECK TO THE PARTY PRESENTING THE PIC, CUSTOMS TAKES ALSO 1% WHICH AGAIN IS TO OUR DETRIMENT.
4. BESIDES THE FINANCIAL LOSS WE HAVE TO SUFFER EVERY YEAR,WE ALSO HAVE TO ENDURE THE LENGTHLY PROCEDURE AND CHECKING BY CUSTOMS OF THE FIGURES SUBMITTED BY OUR PARTNERS. THIS MAY TAKE ANYTHING UP TO SEVEN MONTHS UNTIL CUSTOMS FINALLY ISSUES THE CHECK.SINCE THE CERTIFICATE IS ESTABLISHED BY THE STATUTORY IMPORT PROGRAM'S STAFF, INTERNATIONAL TRADE ADMINISTRATION, DEPT. OF COMMERCE, THE FIGURES ARE CORRECT AND CAN SAFELY BE USED BY THE TREASURY FOR ESTABLISHING THE CHECK DIRECT TO THE ORIGINAL HOLDER OF THE CERTIFICATE.

   THE CERTIFICATE IS USUALLY SENT TO THE INSULAR PRODUCER WITHIN THREE MONTHS AND PAYMENT SHOULD THEN BE AVAILABLE FORTHWITH. CURRENTLY WE LOSE ABOUT SEVEN MONTHS' INTEREST. THIS IN ADDITION OF THE 10-13% COMMISSION AND THE 1% CUSTOMS FEE.

Timewise Limited
FAX.NO. (671) 477-3064
SUITE 312, G.C.I.C. BUILDING, 414 WEST SOLEDAD AVENUE,
AGANA GUAM 96910, U. S. A. TELS: 472-8111

FAX MESSAGE
****

TO ____________________ DATE MAY 20, 1991
ATTN.: ____________________ FROM JOHN KUMMER
FAX.NO. ____________________ PAGES (Incl. this Page) 2

CONT.

5. A FURTHER COMPLICATION WAS PARTICULARLY DAMAGING LAST YEAR IN CONNECTION WITH THE BELFONT DECISION. (PLEASE SEE ATTACHED US CUSTOMS INSTRUCTION DEC. 15, 1989). IMPORTERS ARE UNWILLING TO LIQUIDATE INTERESTS THAT ARE EXPOSED TO UNRESOLVED CUSTOMS LITIGATION. ONLY LIQUIDATED CUSTOMS ENTRIES ARE ELIGIBLE FOR REFUND OF DUTY AGAINST PIC. IF IMPORTERS WOULD LIQUIDATE UNRESOLVED ENTRIES THEY WOULD NOT BENEFIT BY LITIGATIONS DECIDED BY A COURT IN FAVOR OF THE IMPORTER. SINCE THE CERTIFICATE IS ONLY VALID FOR ONE YEAR AFTER ISSUANCE WE ARE UNDER SUCH CIRCUMSTANCES IN GREAT DANGER OF LOSING COMPLETELY THE MONEY WE ARE ENTITLED TO.
6. IN STRONG SUPPORT OF OUR RIGHTFUL ASPIRATIONS AS REPRESENTED BY THE BILL HR 1416 WE CITE AN EXCERPT FROM THE SPEECH OF PRES. BUSH ON APRIL 9TH TO THE AMERICAN BUSINESS CONVENTION IN WASHINGTON WHEN HE SAID, "BUT THERE'S LOTS MORE TO DO. WE IN GOVERNMENT MUST DO MORE. AS VICE PRESIDENT, I HEADED THE TASK FORCE ON REGULATORY RELIEF. AND AS PRESIDENT, I REMAIN COMMITTED TO WEEDING OUT REGULATIONS THAT PREVENT PEOPLE FROM CREATING JOBS AND OPPORTUNITIES. (APPLAUSE.) I SEE SOME KNOW WHAT OVER-REGULATION MEANS. (LAUGHTER). BUT WE'RE GOING TO CONTINUE TO DO THIS AND WE MUST.

   LAST YEAR REGULATIONS — HERE'S WHY — LAST REGULATIONS COST THE ECONOMY AT LEAST $185 BILLION OR $1,700 FOR EVERY TAXPAYER. THE GOVERNMENT GENERATED MORE THAN 5.3 BILLION HOURS OF PAPERWORK LAST YEAR. AND THAT'S ENOUGH TO KEEP 2 MILLION PEOPLE BUSY DOING NOTHING BUT FILLING OUT FORMS.

   OUR COUNCIL ON COMPETITIVENESS, AS CHAIRED BY VICE PRESIDENT QUAYLE, ATTACKS THE SCOURGE OF UNNECESSARY REGULATION. WE WANT TO LET PEOPLE TURN THEIR ATTENTION TO THE MORE IMPORTANT AND REWARDING WORK OF BUILDING A PROSPEROUS FUTURE. "

   WE THEREFORE REQUEST YOU RESPECTFULLY TO LIBERATE US FROM "THE SCOURGE OF UNNECESSARY REGULATIONS".

WBR.
JOHN KUMMER

3

DEC 15 1989

U.S. CUSTOMS SERVICE
1301 CONSTITUTION AVENUE N.W.
WASHINGTON, D.C. 20229

DONALD F. CAHILL

ALL REGIONAL COMMISSIONERS OF CUSTOMS
ALL DISTRICT DIRECTORS OF CUSTOMS
ALL AREA DIRECTORS OF CUSTOMS
ALL PORT DIRECTORS OF CUSTOMS

SUBJECT: TREATMENT OF PRODUCTION INCENTIVE CERTIFICATES (PIC'S), P.L. 97-446

IN HEADQUARTERS TELEX DATED SEPTEMBER 8, 1989, YOU WERE INFORMED THAT THE TREATMENT OF PIC'S WOULD BE THE SUBJECT OF A LATER INSTRUCTION.

ACTION: IT IS OUR POSITION THAT IMPORTERS SHOULD BE ALLOWED TO ADJUST THEIR CLAIMS UNDER CERTAIN PIC'S TO ACCOUNT FOR THE LOWER AMOUNT OF DUTIES OWED UNDER THE BELFONT DECISION. YOU ARE INSTRUCTED TO IMPLEMENT THESE ADJUSTMENTS ONLY WITH RESPECT TO THOSE CLAIMS WHICH IDENTIFY ENTRIES THAT HAVE NOT BEEN LIQUIDATED, AND BY FOLLOWING THESE STEPS:

1. WITHHOLD LIQUIDATION OF UNLIQUIDATED ENTRIES WHICH ARE IDENTIFIED WITH A PIC CLAIM.

2. COMPUTE THE CORRECT AMOUNT OF DUTIES UNDER BELFONT ON UNLIQUIDATED ENTRIES IDENTIFIED WITH A PIC CLAIM.

3. COMPUTE THE CORRECTED AMOUNT OF PIC REFUNDS WHICH SHOULD BE OR SHOULD HAVE BEEN ISSUED IN LIGHT OF THE CORRECTED CLASSIFICATION OF THE MERCHANDISE. THIS MEANS DETERMINING THE PIC REFUNDS FOR ENTRIES IN STEP 2 AND ADDING THE PIC REFUNDS IN ALL OTHER ENTRIES IDENTIFIED WITH A PIC CLAIM.

4. SUBTRACT THE CORRECTED AMOUNT OF PIC REFUNDS FROM THE FACE VALUE OF THE PIC. (IN MANY INSTANCES, THE RESULT FROM THIS SUBTRACTION WILL NOT EQUAL THE REDUCTION IN DUTIES ON THE WATCHES, BECAUSE, WITH RESPECT TO PRE HTSUS ENTRIES, THE PIC DOES NOT PROVIDE FOR A REFUND ON THE BRACELETS OR STRAPS WITH RESPECT TO SCHEDULE 7 WATCHES.)

-2-

5. DETERMINE HOW MUCH HAS ALREADY BEEN PAID AS REFUNDS UNDER THE PIC CLAIM.

6. IF MORE HAS BEEN PAID AS PIC REFUNDS THAN IS NOW PROPER, HAVING ACCOUNTED FOR BELFONT ISSUES (NUMBER FROM STEP 5 MINUS STEP 3), ASK THE IMPORTER TO DESIGNATE OTHER ENTRIES (FROM THE TIME PERIOD COVERED BY THE PIC) TO SUPPLEMENT THE ORIGINAL PIC CLAIM UP TO THE AMOUNT DETERMINED IN STEP 4.

   (a) IF THE IMPORTER DESIGNATES OTHER ENTRIES, MAKE THESE SUPPLEMENTAL ENTRIES PART OF THE PIC RECORD AND PROCEED TO LIQUIDATE ANY UNLIQUIDATED ENTRIES INITIALLY IDENTIFIED WITH THE PIC IN ACCORDANCE WITH THE BELFONT DECISION.

   (b) IF THE IMPORTER CANNOT PROVIDE SUPPLEMENTAL ENTRY NUMBERS TO COVER THE FULL AMOUNT OF THE EXCESS PIC REFUNDS, THEN EITHER REDUCE THE POTENTIAL CHANGE CLASSIFICATION REFUNDS FOR THE IMPORTER BY THE AMOUNT WHICH THE IMPORTER CANNOT SUPPORT ITS CLAIM FOR PIC TREATMENT, OR HAVE THE IMPORTER TENDER THE AMOUNT OF EXCESS PIC REFUNDS PAID BY CUSTOMS UNDER THE PIC AND NOW NOT SUPPORTED BY APPROPRIATE ENTRIES.

7. IF THE AMOUNT CUSTOMS HAS PAID AS REFUNDS UNDER A PIC CLAIM IS LESS THAN THE REVISED ALLOWABLE REFUND, PAY THE REFUND UP TO THE ALLOWABLE AMOUNT AND LIQUIDATE THE ENTRIES IN ACCORDANCE WITH THE BELFONT DECISION. IF THERE IS EXCESS UNUSED PIC AVAILABLE TO THE IMPORTER (THE AMOUNT FROM STEP 4), ASK THE IMPORTER TO DESIGNATE OTHER UNLIQUIDATED ENTRIES (FROM THE TIME PERIOD COVERED BY THE PIC) TO SUPPLEMENT THE ORIGINAL PIC CLAIM. IF THE IMPORTER PROVIDES THESE ENTRY NUMBERS, MAKE THESE SUPPLEMENTAL ENTRIES PART OF THE PIC RECORD AND REFUND THE ADDITIONAL PIC AMOUNTS.

-3-

PLEASE PASS THESE INSTRUCTIONS TO THE APPROPRIATE IMPORT SPECIALISTS HANDLING WATCHES AND TO LIQUIDATORS.

QUESTIONS ON THIS MATTER SHOULD BE DIRECTED TO MIS LOU PIROPATO AT (FTS 566-5898).

Sincerely,

John Durant, Director
Commercial Rulings Division

TIMEX
CORPORATION

FRANK A. SHERER
Vice President
General Counsel
and Secretary

WATERBURY, CONNECTICUT 06722
TELEPHONE (203) 573-6360

Via DHL

June 10, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

On behalf of Timex Corporation, I would like to voice our support for H.R. 1416 concerning the Production Incentive Certificate ("PIC") program. Watch companies with plants in the insular possessions, namely the U.S. Virgin Islands and Guam, currently receive PICs from the Department of Commerce based on wages paid and volume of watches produced in the insular possessions. PICs are used to recover duty paid by the company for watches or watch movements imported into the U.S.

This bill would allow the watch companies to have the option of receiving a cash reimbursement from the Department of Treasury, rather than being required to apply the PICs towards duty paid. Companies whose primary watch production comes from the V.I. or Guam, and which do not import watches into the U.S. from other locations, often are forced to sell the PICs at a discount to another watch company. This takes away some of the incentive which enabled them to settle in the V.I. and Guam and to provide jobs in the first place.

For all the companies, the cash reimbursement option would allow them to receive the benefit provided by PICs at an earlier time and with less paperwork than currently is necessary. A company with a PIC from January of 1990 may not recover duty paid until June 1991 or later under the present system, and H.R. 1416 would reduce that delay.

Robert J. Leonard, Esq.
June 10, 1991
Page Two

The U.S. government would not be increasing its expenditures on the PIC program under this bill since even if the PIC is sold by the owner at a discount, the buyer inevitably is a party which can recover the full face value of the PIC. The cash reimbursement option, however, would ensure that the watch companies participating in the PIC program, those with factories and employees in the Virgin Islands and Guam, are the ones which derive full benefit from the PICs.

We therefore urge that H.R. 1416 be approved by the Subcommittee on Trade of the Committee on Ways and Means.

Sincerely,

FAS:ec

cc: B. Bibb, Office of Congressman Vicente Blaz
S. Ross, Office of Congressman Ron de Lugo
M. Clayman, Jules Jurgensen

Tropex Inc.

Manufacturers of
Fine Quartz Watches

Airport Terminal Building
P.O. Box 7465 S.I.
St. Croix
U.S. Virgin Islands 00820

Tel.: (809) 778-3700
Fax: (809) 778-4828

May 23, 1991

Robert J. Leonard, Esq.
Committee on Ways and Means
U.S. House of Representatives Rm 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

On behalf of Jules Jurgensen Watch Company and Tropex Inc, a U.S.Virgin Island Corporation, I would like to express our support for H.R. 1416. Watch companies in the insular possessions like Tropex Inc, receive Production Incentive Certificates ("PICS") from the Department of Commerce based primarily on wages paid to residents of the possessions. The face amount of the PIC is used to recover duty paid by the company on the importation of watch parts. This bill permits watch companies to have the option of receiving a cash reimbursement from the Department of Treasury, rather than being required to apply the PIC's towards duty paid.

H.R. 1416 would be beneficial to those companies whose primary watch production comes from the V.I. or Guam, and which do not import watches into the U.S. from other locations. The current system forces them to sell the PIC's at a discount and takes away part of the benefit which enabled them to locate and to provide jobs in the possessions. Additionally most often the PIC's must be sold to either a competitor and or a supplier which creates a suttle pressure on the company selling the PIC to "return the favor"and therefore adversely affects competition. Discounting of the PIC's also provides benefits to unintended parties.

Moreover, because of the extensive paperwork involved in processing PIC's, reimbursement for wages can take as long as 20 months from the date credible wages are first are paid. H.R. 1416 would be beneficial to all eligible watch companies, as well as the government, since the level of administrative processing would be reduced. Also the cash reimbursement option would allow companies to receive the PIC's benefits sooner.

Considering the above we respectfully request H.R. 1416 be approved by the Subcommittee on Trade of the Committee on Ways and Means.

Sincerely,

Morton Clayman

Morton Clayman
President

H.R. 1498

To amend the Harmonized Tariff Schedule of the United States to clarify the classification of mixed alkylbenzenes

Congress of the United States
House of Representatives
Washington, D.C. 20515

WILLIAM E. DANNEMEYER
39TH DISTRICT, CALIFORNIA

COMMITTEES:
ENERGY AND COMMERCE
BUDGET

May 15, 1991

The Honorable Sam Gibbons
Chairman, Trade Subcommittee of the
Ways and Means Committee
2204 Rayburn House Office Building
Washington, D.C. 20215

Dear Mr. Chairman:

I strongly object to H.R.1498 to remove alkylbenzenes from eligibility for the general system of preferences (GSP). This bill would significantly harm one of my corporate constituents, HoltraChem West, Inc., which imports linear alkylbenzene from Deten Quimica S.A. of Brazil and resells them in the American market. There are two domestic producers of linear alkylbenzenes of Monsanto Chemical Co. (with a production plant in Texas) and Vista Chemical Co. (with headquarters in Texas).

Demand is strong for linear alkylbenzenes. Both domestic producers are profitable and do not need any protection from imports. This bill would limit competition in alkylbenzenes and likely cause the price of alkylbenzenes to rise at least ten percent, harming American consumers.

I urge that this anti-consumer, anti-free enterprise special interest bill be defeated.

Sincerely,

Bill

William E. Dannemeyer
Member of Congress

WED:rpo

WASHINGTON OFFICE: 2351 RAYBURN HOUSE OFFICE BUILDING, WASHINGTON, D.C. 20515, (202) 225-4111
DISTRICT OFFICE: 1235 NORTH HARBOR BOULEVARD, SUITE 100, FULLERTON, CA 92632, (714) 992-0141

H.R. 1499

To provide temporary duty-free treatment for certain digital processing units

Statement by the
American Electronics Association
in Support of the
Extension of the Duty Suspension for
Certain Digital Processing Units, H.R. 1499

The American Electronics Association, which consists of over 3500 high technology firms, strongly urges passage of H.R. 1499. This bill, introduced by Representative Archer, will extend the expired duty suspension on certain digital processing units (motherboards) for use in automatic data processing machines.

The original duty suspension bill on motherboards expired on December 31, 1990. This suspension was enacted at the request of the Administration to resolve a dispute between itself and the U.S. industry, including AEA members, regarding the classification of motherboards and to ensure duty free treatment for motherboards consistent with the U.S. - Japan - Canada agreements on parts of automatic data processing machines and units (computer parts).1/ At the same time specific negotiating authority was created for the purpose of reducing the tariff on this item permanently through an international agreement. Omnibus Trade and Competitiveness Act of 1988 § 1215. For technical reasons, the negotiating authority expired in October 1989 before the Administration had an opportunity to use it. It is now expected that this duty will be reduced in the context of the Uruguay Round.

The Committee report indicated § 1215 was "intended to provide a pragmatic approach to an ongoing dispute concerning the proper classification of [motherboards]." H.R. Rep. No. 576, 100th Cong., 2d Sess., at 550 (1988). In order to fulfill this intent an extension of the duty-suspension is necessary to bridge the gap between the end of the recently terminated suspension and the time when the Uruguay Round tariff reductions are expected to take place.

AEA member companies source many components from abroad in order to stay competitive within the data processing industry. This duty suspension will assist the U.S. data processing industry in maintaining its competitive position with foreign producers in the U.S. and international markets by reducing the cost of an important component of all data processing machines and units.

The enactment of this provision would be consistent with the agreement reached between the United States, Japan and Canada to reduce tariffs on certain parts of automatic data processing machines and the negotiations in the Uruguay Round. This temporary provision will not compromise those negotiations since it will not affect the GATT bound U.S. tariff rate.

AEA knows of no opposition to an extension of this provision. The benefits of this bill will accrue to all manufacturers who incorporate motherboards into automatic data processing machines and units in the United States. Therefore, AEA requests that the Subcommittee incorporate H.R. 1499 in the final package of miscellaneous tariff bills sent to full Committee for consideration.

As indicated, this duty suspension is necessary to bridge the gap between the expired duty suspension and the time when the Uruguay Round tariff reductions will take place. By seeking a continued duty suspension on motherboards, AEA and its member companies do not wish to give the impression that they accept as

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1/ The proposed extension does not exempt motherboards from the current sanctions duties provided for by subheadings 9903.41.20 and 9903.41.25. Under the recently negotiated semiconductor agreement, those sanctions duties will be terminated on August 1, 1991.

correct the Customs ruling that classified motherboards in the same tariff provision as the finished automatic data processing machines and units. AEA continues to believe that motherboards should be classified as parts of those machines and units. This legislation should be seen as nothing more than a continuation of the "pragmatic" solution worked out between the Administration and the industry during 1987 and 1988.

June 12, 1991

BY HAND

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments in Support of H.R. 1499

Dear Mr. Leonard:

On behalf of Compaq Computer Corporation, I wish to express our strong support for enactment of H.R. 1499, a bill introduced by Congressman Archer on March 21, 1991, which would re-enact for an additional two years an import duty suspension which expired at the end of last year. I am submitting these comments in response to the Subcommittee on Trade, Committee on Ways and Means Press Release #6 of May 14, 1991, soliciting comments by June 12.

Compaq, founded in 1982, is a leader in the design and manufacturing of microcomputers and computer systems, employing some 8,000 people at our headquarters and manufacturing operations in Houston, Texas. We are also a major exporter of computer equipment, having been recognized with a Presidential "E" award for excellence in exporting in 1988. In addition to our operations in Houston, we produce circuit boards for certain computers in Singapore, and maintain manufacturing facilities in Scotland to help serve the growing European market. We have grown from a company with $111 million dollars in sales in 1983, our first full year of operations, to a company with more than $3.6 billion in sales in 1990.

The expired duty suspension, which H.R. 1499 would renew, applied to imports of digital processing units, so-called "motherboards", for desktop and larger computers. The original duty suspension was enacted, along with a provision granting the Administration negotiating authority to reduce the tariff on this item through an international agreement, as part of the Omnibus Trade and Competitiveness Act of 1988. See Omnibus Trade and Competitiveness Act of 1988, Section 1215.

Here is some background information on the original suspension. In 1985, the United States entered into a bilateral agreement reducing the tariff on computer parts, among other things, to zero, effective at the beginning of 1986. From that time, until July of 1987, motherboards routinely were entered through U.S. Customs as duty-free computer parts. In July of 1987, however, as a result of a U.S. Customs classification ruling, these items began to be treated as "unfinished computers" at a higher duty rate of 3.9% ad valorem. H.R. 1499 does not address that ruling.

Soon after the Customs Classification ruling was announced, the U.S. computer industry asked that the duty rate on these items be brought to zero as part of the conversion to the Harmonized System. The Administration and Congress declined to accept this proposal, however, on grounds that the duty rate should be preserved as an open item for reciprocal tariff reduction negotiations with our trading partners. Our industry supports that objective, and we were pleased to work with Congress and the Administration to develop the original duty suspension and the accompanying negotiating authority as a compromise.

The negotiating authority, however, has never been used. Such efforts have been overtaken -- through no fault of the Administration -- by developments in the Uruguay Round of the GATT. The U.S. government is proposing to bring the duty rate on these items to zero as part of its GATT tariff elimination proposal. Our industry supports that proposal, as well as Administration efforts to secure reciprocal duty reduction on these items from our trading partners, particularly the EC, in the course of the GATT round. Meanwhile, it appears that the earliest possible date for GATT-related duty reductions is 1993, while the original duty suspension expired at the end of the last day of 1990.

An extension is necessary to bridge the gap between the end of the original suspension and the earliest time when Uruguay Round tariff reductions are expected to take place. There would be no current revenue loss from enactment of this bill; these items have not been subject to duty since 1985. At the time of the discussions between our industry and the Administration in 1987, it was thought that two years would be sufficient to accomplish the agreed-upon goal of duty elimination on these items. We strongly support enactment of H.R. 1499, to close the gap and maintain the current duty structure pending the outcome of the GATT negotiations.

Ours is an industry characterized by stiff international competition and the globalization of component sourcing. These were the factors that led the United States to negotiate a trade agreement reducing tariffs to zero in 1986, and the same factors that motivated the Administration and Congress to compromise in 1987 with enactment of the original duty suspension. These factors are behind the U.S. negotiating objectives in the GATT. It is for these reasons -- the international competitiveness of the U.S. computer industry -- that we strongly support enactment of H.R. 1499.

Thank you for the opportunity to comment on H.R. 1499. I enclose 6 copies. If you or any other members of the Committee or Subcommittee staffs have any questions, feel free to contact me.

Sincerely,

Joseph Tasker Jr.,

Joseph Tasker, Jr.
Director, Federal Regulatory Affairs
Compaq Computer Corporation
1300 "Eye" Street, N.W.
Suite 490 E
Washington, D.C. 20005
(202) 962-3830

JT:mb

Computer and Business Equipment Manufacturers Association 311 First Street, NW Suite 500 Washington, DC 20001 (202) 737-8888 Fax (202) 638-4922

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C.

Re: Support for H.R. 1825 and H.R. 1499

On behalf of the Computer and Business Equipment Manufacturers Association (CBEMA), I am writing in support of H.R. 1825, a bill to extend the temporary suspension of duty on certain parts and accessories of indirect process electrostatic photocopying machines and H.R. 1499, a bill to provide temporary duty-free treatment for certain digital processing units. The opportunity to comment on these important pieces of legislation is very much appreciated.

CBEMA represents the leading edge of technology companies in computers, business equipment and telecommunications. Its members had combined sales of more than $262 billion in 1990, representing five percent of the U.S. gross national product. They employ over 1.2 million people in the United States and have subsidiaries worldwide.

If enacted, both H.R. 1825 and H.R. 1499 will help maintain the competitiveness of the U.S. high technology industry. With this in mind, we hope that the Committee will move forward with passage of these two bills.

Again, we appreciate the opportunity to voice our support for H.R. 1825 and H.R. 1499 and we look forward to working with you in the future.

Sincerely,

John L. Pickitt

John L. Pickitt
President

Statement by Intel Corporation in Support of H.R. 1499 Extending the Duty Suspension on Certain Digital Processing Units

Intel Corporation, a large U.S. manufacturer of semiconductors and computer systems products, urges passage of H.R. 1499. This bill will extend the expired duty suspension on digital processing units (DPUs).

The original duty suspension bill on DPUs, which expired on December 31, 1990, was enacted at the request of the Administration as part of a compromise to resolve a dispute between itself and the U.S. industry regarding the classification of DPUs. The original suspension was intended to provide duty-free treatment for DPUs until the duty could be eliminated permanently through an international agreement. The negotiating authority for such an agreement was created at the same time the duty was suspended. However, this authority expired before it could be used. It is now expected that this duty will be reduced in the context of the Uruguay Round.

Since the Uruguay Round negotiations have been delayed, it is necessary to extend the duty suspension again as a means of eliminating the gap between the end of the recently terminated suspension and the time when the tariff reductions currently being negotiated are expected to take place.

Intel, like many companies in the electronics industry, sources components from abroad in order to stay competitive internationally. This duty suspension will assist Intel and the U.S. computer industry in maintaining its competitive position with foreign producers in both the U.S. and international markets by reducing the cost of an important component of all computers.

The passage of H.R. 1499 will be consistent with the agreement reached between the United States, Japan and Canada, which reduced tariffs on certain parts of automatic data processing machines. Further, the passage of this provision will not affect the Uruguay Round negotiations since it is only temporary and our negotiators can still offer the permanent tariff rate.

There is no known opposition to an extension of this provision. Since U.S. manufacturers must compete internationally, it is important to have access to component parts at the lowest cost. The benefits of this bill will accrue to all manufacturers who incorporate DPUs into products in the United States. Therefore, Intel urges passage of H.R. 1499 as a measure to maintain the competitiveness of the U.S. computer industry.

H.R. 1501

To reduce the column 1 General rate of duty on Flurbiprofen

No comments submitted.

H.R. 1519

To suspend temporarily the duty on octadecyl isocyanate

P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 30, 1991

The Honorable Sam Gibbons
Chairman, Trade Subcommittee
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

This is written on behalf of Mobay to express support for H.R. 1519 that proposes an extension of the duty suspension on octadecylisocyanate (ODI).

Mobay will continue to import this chemical from its parent company, Bayer AG of Germany, because the market demand in this country does not justify domestic production. We believe that Bayer is still the only producer in the world of ODI.

ODI is a speciality chemical that Mobay sells directly as imported. It is a key ingredient in making adhesive tapes for a wide and varied assortment of uses. It is also used to a lesser extent in the manufacture of solid rocket fuels and thus is of importance to companies participating in U.S. rocketry programs. The use in both applications is unique; there are no known substitutes.

We urge the Committee to approve the requested extension of the current duty suspension.

Thank you for your consideration of this matter. If there are questions, please call.

Sincerely yours,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

PGG/bjh

H.R. 1520

To suspend temporarily the duty on certain carbodiimide masterbatches

RheinChemie RC

A Bayer USA INC COMPANY

Rhein Chemie Corporation
3200 Gilchrist Road
Suite 210
Mogadore, OH 44260
Phone: 216 784-1029
Fax: 216 784-9959

June 6, 1991

The Honorable Sam Gibbons
Chairman of Subcommittee on Trade
Ways and Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, District of Columbia 20515

Subject: H. R. Bill No. 1520

Dear Chairman Gibbons:

I am writing on behalf of Rhein Chemie Corporation to express our support for the H. R. Bill No. 1520 which requests duty suspension on selected carbodiimide masterbatches. The H. R. Bill No. 1520 proposes duty suspensions to occur on or before December 31, 1991.

This initial request should not be controversial because none of the selected masterbatch products are produced in the United States, and neither do they compete with products manufactured domestically.

In summery, the request for duty suspensions will not harm American industry. In fact, waiving these duties will help domestic users of these masterbatch products to compete technically in domestic end-use markets as well as abroad.

We respectively ask the Committee to give favorable treatment to the requests contained in the H. R. Bill No. 1520.

Sincerely,

E. Ray Mc Afee
Senior Technical Representative

RCC91027.CLS/ERM/1991.DOC/1

H.R. 1521

To extend until January 1, 1995, the suspension of duty on certain carbodiimides

RheinChemie RC

A Bayer USA INC COMPANY

Rhein Chemie Corporation
3200 Gilchrist Road
Suite 210
Mogadore, OH 44260
Phone: 216 784-1029
Fax: 216 784-9959

June 6, 1991

The Honorable Sam Gibbons
Chairman of Subcommittee on Trade
Ways and Means Committee
United States House of Representatives
1102 Longworth House Office Building
Washington, District of Columbia 20515

Subject: H. R. Bill No. 1521

Dear Chairman Gibbons:

I am writing on behalf of Rhein Chemie Corporation to express our support for the H. R. Bill No. 1521 which requests the reestablishment of duty suspension on several carbodiimides. The H. R. Bill No. 1521 proposes duty suspensions to extend from January 1, 1991 to January 1, 1995.

The initial requests were not controversial because none of these chemical products was produced in the United States, and neither did they compete with products manufactured domestically. To the best of our knowledge, these conditions still exist today.

In summary, the requested reestablishment of duty suspensions will not harm American industry. In fact, continuing to waive these duties will help domestic users of these chemical products to compete in domestic end-use markets as well as abroad.

We respectively ask the Committee to give favorable treatment to the requests contained in the H. R. Bill No. 1521.

Sincerely,

E Ray McAfee

E. Ray Mc Afee
Senior Technical Representative

RCC91026.CLS/ERM/1991.DOC/1

H.R. 1529

To extend until January 1, 1995, the suspension of duties on certain chemicals

No comments submitted.

H.R. 1530

To extend duty-free treatment to certain chemicals

No comments submitted.

H.R. 1559

To prohibit the importation of semiautomatic assault weapons, large capacity ammunition feeding devices, and certain accessories

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EX IM
ANNIVERSARY
70TH
1921 1991

American Association of
Exporters and
Importers 11 West 42nd Street, New York, NY 10036 (212) 944-2230
(FAX) 212-382-2606

June 6, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee On Ways and Means
U.S. House of Representatives
Longworth House Office Bldg.
Room 1102
Washington, D.C. 20515

RE: H.R.1559

Dear Mr. Leonard:

The American Association of Exporters and Importers (AAEI) is a national organization comprised of over 1100 U.S.-company members involved in every aspect of international trade. AAEI has promoted fair and free trade for its seventy years in existence.

AAEI leaves the debate of gun control to the recognized experts on both sides of the issue. However, AAEI strongly opposes the discrimination against U.S. businesses that import which passage of this bill would engender. A ban on imports, while the domestic manufacture and sale of the same products continues, violates U.S. international obligations and will do little to accomplish the stated objectives. AAEI urges that H.R.1559, as written, not be recommended to the full Committe on Ways & Means.

Sincerely,

Eugene J. Milosh
President

DAVID J. STEINBERG

7216 Stafford Road
Alexandria, Virginia 22307
Tel: (703) 765-2472

May 29, 1991

Statement submitted to the Subcommittee on Trade of the House Committee on Ways and Means in conditional opposition to H.R. 1559 -- a bill to prohibit imports of semiautomatic assault weapons, large capacity ammunition feeding devices and certain accessories.

Representing no one but myself, nor acting at anyone else's behest, I oppose this bill primarily because no restriction should be imposed on imports of any product for public-safety reasons without an identical restriction on domestic production of a "like" or comparable product. H.R. 1559 relates to imports alone and, if enacted in its present form without companion legislation affecting domestic production of all types of firearms banned from foreign countries, would not only defy logic and common sense but also violate the equal-treatment rule (the so-called "national treatment" provision) of U.S. treaty law and of U.S. commitment under the General Agreement on Tariffs and Trade.

U.S. commercial-treaty commitments, if not our commitments under GATT as well, are part of the supreme law of the land, as defined by the Constitution. Thus, import bans now in effect on firearms regarded by the Bureau of Alcohol, Tobacco and Firearms (ATF) as lacking or adaptable to a conventional "sporting purpose" (including the 43 types of semiautomatic assault rifles listed in the import-ban provisions of H.R. 1559) are themselves illegal inasmuch as no comparable bans are imposed on "like" American-made firearms. The Bureau's authority to ban firearms is limited by statute (the Gun Control Act of 1968) to imports alone. The President has no authority in this matter (and is seeking none), nor has Congress authorized restrictions on American-made firearms to match those imposed on imports.

I realize that the jurisdiction of the Subcommittee on Trade regarding firearms, and of the Committee on Ways and Means in this field (aside from any tax questions), is limited to imports, and that any action concerning American-made firearms falls within the jurisdiction of the Committee on the Judiciary. Indeed, a bill (H.R. 19) dealing with restrictions on American-made semiautomatic rifles lacking a "sporting purpose" (though not American-made semiautomatic assault pistols or any other American-made firearms) is pending before that committee. But there is no assurance that, in its wisdom, the House of Representatives would suspend approval of H.R. 1559 until it can be integrated with a bill addressing comparable American-made assault weapons.

Because the "national treatment" rule is a trade-policy issue, the Subcommittee on Trade and the Committee on Ways and Means can properly inject themselves into the issue I have raised -- namely, the need to apply the same curbs on domestically produced firearms as are imposed on comparable imports. I propose that a clear, concise bill be prepared along these lines to take the place of H.R. 1559. I urge the trade subcommittee and the Ways and Means committee to approve such a bill and send it to the judiciary committee for clearance, possibly integration with a firearms bill being considered by that committee. Such a bill could include the provisions of H.R. 1559 dealing with large-capacity ammunition feeding devices and semiautomatic assault weapong accessories. The other provisions of H.R. 1559 -- the listing of semiautomatic assault weapons to be banned from abroad -- are not needed in legislation. Besides the fact that the 43 assault rifles which H.R. 1559 would ban from foreign sources are alreay banned from abroad by ATF, to add "any other types determined by the President to be appropriate" has little substance since it does not enlarge ATF's authority and, in any event, the President has no authority in these matters. The bill's proposed import ban on six types of semiautomatic assault pistols (not now banned from abroad) and "any other type determined by the President to be appropriate" should be left to ATF to decide under the rules the Bureau has devised for "sporting purpose" evaluation under the Gun Control Act of 1968.

I am a longstanding advocate of strict "gun control", a position I have articulated for 30 years. In 1967, in close association with the late James V. Bennett (who for about 27 years had been the widely respected Director of the Bureau of Prisons in the U.S. Department of Justice), I helped form the National Council for a Responsible Firearms Policy, which pioneered the organized "gun control" movement. I was the Council's executive director for 21 years until the organization was terminated at the end of 1989. The views I continue to express on this issue are both responsive to the imperatives of public safety and respectful of the rights of all Americans, those who own guns and those who do not. They are also respectful of our country's treaty obligations (and other international commitments) affecting (even only implicitly) the production, importation and possession of firearms. I urge the Congress to display similar regard for logic and law in the way it addresses both imports and domestic production of semiautomatic assault weapons or any other type of firearm.

H.R. 1567

To suspend temporarily the duty on certain machined electronic connector contact parts

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Before the Committee on Ways and Means
U.S. House of Representatives

Statement By Brownstein Zeidman and Schomer on Behalf of Tri-Star Electronics, Inc. in Support of H.R. 1567 - A Bill to Temporarily Suspend the Duty on Certain Machined Electronic Connector Contact Parts

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On behalf of our client, Tri-Star Electronics, Inc. of Venice, California, a manufacturer of electronic equipment for military and aerospace applications and an importer of machined electronic connector contact parts of 1/2 inch or less, and pursuant to the notice published on May 14, 1991, we are submitting the following comments to demonstrate that modifying the current 5.3 percent ad valorem rate of duty imposed on imported electronic connector contact parts of 1/2 inch or less, classified under HTS Heading 8538.90.00, would have no adverse effect on the domestic electronics industry and would be in the best interest of the United States. For the reasons set forth in detail below, we request that the Committee report favorably on H.R. 1567, which would temporarily suspend the existing duty rate on electronic connector contact parts classified under HTS Heading 8538.90.00.

Machined electronic connector contact parts of 1/2 inch or less are used only in the manufacture of high technology products which are essential for use in aerospace and military applications. This small, high-quality specialized product is manufactured primarily in Switzerland and in France, the only countries capable of producing the requisite quantity of parts of the necessary quality. The U.S. industry, on the other hand, manufactures larger electronic connector contact parts which find specialized applications in other industries, such as the automotive industry. The critical smaller type of machined electronic connector contact part is not produced in the United States.

Several major United States companies in the machined electrical connector contact connector industry have advised that they cannot supply connector contact parts in the quality and quantity needed by the U.S. industry for products destined for the defense industry. As there is no U.S. company which can supply these products in trade requisite quantities and as supply is critical to the United States defense industry, elimination of import duties on these parts can only help the U.S. industry and national security interests, and will have no negative impact whatsoever on any U.S. company or on U.S. interests.

Tri-Star Electronics has been in business for the past ten years, and currently employs 225 people in El Segundo, California. The company, among its other operations, imports machined electronic connector contact parts of 1/2 inch or less from Switzerland. The company imports these goods as unfinished machined parts, which are then finished by either annealing, plating, stripping, and assembly. The finished product is then sold to contractors of the Department of Defense who are involved in the military and aerospace industries. Tri-Star is on the qualified products list as a Department of Defense supplier. The company's customers include companies such as Rockwell, Hughes and McDonald-Douglas.

Tri-Star has contacted Sorenson Engineering, Inc., Gary Manufacturing, Ultra-Precision, and Ridal Corporation, all of whom had been suggested as possible suppliers of machined electronic connector contact parts of 1/2 inch or less. Tri-Star has confirmed that these companies are unable to supply the product in the requisite quality and quantity.

Tri-Star imports approximately $3-4 million of machined electronic connector contact parts per year. As Tri-Star uses these machined electronic connector contact parts in products which will be used by the military and aerospace industry, these parts must be of extremely high quality. In order to ensure the quality of its machined electronic connector contact parts, Tri-Star is forced to import them. Competitors of Tri-Star, such as ITT Cannon, also import their machined electronic connector contact parts from European manufacturers. Tri-Star estimates that it will need to import almost two hundred million pieces this year alone, and that its competitors will need to import 2 to 3 times that amount.

In light of the use to which the machined electronic connector contact parts of 1/2 inch or less are put, and the fact that no U.S. company produces them, imports of this merchandise from European suppliers are essential to the national security interests of this country. As there is no U.S. industry producing machined electronic connector contact parts of 1/2 inch or less, there is no U.S. industry which requires the protection of a tariff in this case, and no U.S. industry which would be harmed by its reduction.

SPK:2223

H.R. 1586

To extend the existing suspension of duty on tetraamino biphenyl

No comments submitted.

H.R. 1614

To provide for the tariff reclassification of durene

BEFORE THE SUBCOMMITTEE ON TRADE

COMMITTEE ON WAYS AND MEANS

U. S. HOUSE OF REPRESENTATIVES

COMMENTS OF AMOCO CORPORATION

IN SUPPORT OF H.R. 1614

These comments are submitted by Amoco Corporation in support of H.R. 1614, which seeks to provide for the tariff classification of the chemical 1,2,4,5-Tetramethlbenzene, which is commonly known as durene. Durene is a chemical used in the production of polyimides, speciality plasticizers, and epoxy resins. It is a polymethyl benzene, and is presently classified under HTS subheading 2902.90.50 (Cyclic hydrocarbons: Other: Other), a residual, "basket", tariff provision subject to a 10.4 percent rate of duty.

Durene has become a commercially available chemical product from sources outside of the United States only over the last few years. Prior to this time, it was only available from one U.S. producer. Because durene was not commercially available as an imported product before this, there had never been a need for a specific tariff provision covering the product in either the Tariff Schedules of the United States, or in the current Harmonized Tariff Schedule ("HTS") of the United States. In the absence of a specific tariff classification provision, durene was classified under a non-specific "basket" tariff provision.

H.R. 1614 seeks to provide a specific eo nomine classification for durene, now that it is a commercially available as an imported product. Absent the creation of a completely new tariff provision for durene, logic dictates that it be classified under present HTS subheading 2902.90.20, which already includes within its scope twelve named chemicals, including two other commercially imported polymethyl benzenes. This tariff provision is unconditionally duty-free. The inclusion of durene under this provision would result in it being treated in the same manner as other commercially imported polymethyl benzenes.

Durene is commercially available from very few sources. There is only one U.S. producer (which would not be adversely affected by this legislation), and one producer in New Zealand. Obviously, Amoco would prefer to be able to source durene from more than one supplier, but the 10.4 percent duty currently imposed on the imported durene makes it a very expensive second source of supply. Given the limited supply of durene in the United States, and the periodic supply shortages in the U.S. market, Amoco has at times had no choice but to purchase the imported product, despite the extra cost imposed by the 10.4 percent duty. By providing for the classification of durene under HTS subheading 2902.90.20 as proposed in H.R. 1614, durene will be able to enter the United States duty free, and be a much more competitive second source of supply. This will help make the products manufactured from durene, and exported from the United States to third countries (as are many of the products produced by Amoco from durene), more competitive in the international marketplace.

For these reasons, Amoco Corporation strongly supports the enactment of H.R. 1614.

H.R. 1615

To provide for the temporary suspension of duty on sewing machine needles and spring-beard needles

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AAMA
AMERICAN APPAREL MANUFACTURERS ASSOCIATION

June 6, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
Washington, D.C. 20515

Dear Chairman Gibbons:

This is in response to your request for comment on various tariff bills pending before your Subcommittee. We are in support of H.R. 1616, a bill to continue the duty suspension on raw down and of H.R. 1615, a bill to suspend the duty on sewing machine needles and spring-beard needles. Both are sponsored by Mr. Jenkins.

The American Apparel Manufacturers Association is the central trade association for producers of garments in the United States, responsible for about two-thirds of domestic capacity.

H.R. 1616 would continue the duty suspension on raw down which has been in effect since 1974. Imported waterfowl feathers and down are used in pillows, comforters, sleepwear and outerwear garments made in the United States. There is virtually no domestic production of raw down and manufacturers of these products must import it.

The 7.5 percent duty on raw down would be added to the cost of the finished product to the detriment of American consumers since the manufacturers of these products operate in a highly competitive marketplace and have little alternative but to pass any increased costs on. Also, any increase in raw material cost would have the unfortunate effect of encouraging this domestic production to be shifted offshore to take advantage of raw material availability as well as lower wages.

H.R. 1616 would suspend the 6 percent duty on sewing machine needles for use in industrial applications. It also would suspend the compound duty on springbeard needles used in the knitting industry. Neither type of needle is manufactured in the United States.

2500 Wilson Boulevard/ Suite 301/ Arlington, Virginia 22201 • 703/524-1864 • FAX 703/522-6741

BAMA DIVISION
200 Madison Avenue
New York, NY 10016
212/686-3440

NOSA DIVISION
200 Madison Avenue
New York, NY 10016
212/686-3440

SAMA DIVISION
P.O. Box 389931
Dallas, TX 75258
214/631-0622

WESTERN DIVISION
P.O. Box 2291
Los Angeles, CA 90051
213/624-0929

Imports of sewing machine needles last year amounted to 166 million units, valued at $35.9 million. Duty paid on industrial sewing machine needles amounted to $2.1 million. Imports of springbeard needles amounted to 16 million units, valued at $3 million. Their duty of 6.4 percent plus 19 cents a thousand came to $195,552.

The apparel and footwear industries employ more than one million workers even though their market has been severely impacted by imported garments and shoes. The two industries traditionally have low profit margins and strive to remain competitive by lowering costs and providing first rate quality and fashion. Passage of this legislation will remove the financial burden of duty payments on these products from those industries.

We hope your Subcommittee will favorably report both of these bills.

Sincerely,

G. Stewart Boswell
President

cc: The Honorable Ed Jenkins

H.R. 1616

To extend the existing suspension of duty on crude feathers and down

***See also* American Apparel Manufacturers Association under H.R. 1615**

AFTAC AMERICAN FIBER, TEXTILE, APPAREL COALITION

1801 K STREET, N.W., SUITE 900, WASHINGTON, D.C. 20006 (202)862-0500

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways & Means Committee
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This is in repsonse to your request for comment on certain tariff and trade bills, as announced in Subcommittee Press Release No. 6 dated May 14, 1991. The American Fiber, Textile, Apparel Coalition (AFTAC) is a broad-based coalition which includes 20 organizations, representing industry and labor, producing most of the fibers, fabrics, home furnishings, industrial textiles and apparel made in the United States. AFTAC supports H.R. 1616, a bill to extend the existing suspension of duty on crude feathers and down.

Congress first granted a duty suspension for these products in 1974 and renewed it in 1979, 1984 and 1990. The current suspension is scheduled to expire at the end of 1992. H.R. 1616 would delay the expiration date until December 31, 1997.

Since domestic production of feathers and down falls far short of demand, U.S. producers of end products would be put at a further economic disadvantage against their offshore competitors if they were required to pay the 15 percent duty.

For this reason, AFTAC supports H.R. 1616 and recommends that the Subcommittee on Trade give it favorable consideration. We appreciate the opportunity to comment on this bill and would ask that this letter be made a part of the record.

Sincerely,

Arthur Gundersheim

Arthur Gundersheim
Chairman

AG/kma

Amalgamated Clothing & Textile Workers Union
American Apparel Manufacturers Association
American Textile Manufacturers Institute
American Yarn Spinners Association
Carpet & Rug Institute
Clothing Manufacturers Association of America
Cordage Institute
Industrial Fabrics Association International
International Ladies' Garment Workers Union
Knitted Textile Association
Luggage & Leather Goods Manufacturers of America
Man-Made Fiber Producers Association, Inc.
National Association of Uniform Manufacturers
National Cotton Council of America
National Knitwear Manufacturers Association
National Knitwear & Sportswear Association
National Wool Growers Association
Neckwear Association of America
Northern Textile Association
Textile Distributors Association, Inc.
Work Glove Manufacturers Association

American Textile Manufacturers Institute, Inc.
1801 K Street, N.W., Suite 900, Washington, D.C. 20006
Tel: 202/862-0500 Fax: 202/862-0570

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways & Means Committee
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This is in repsonse to your request for comment on certain tariff and trade bills, as announced in Subcommittee Press Release No. 6 dated May 14, 1991. The American Textile Manufacturers Institute (ATMI) is the national trade association for the domestic textile industry. Our member companies operate in more than 30 states and account for approximately 75 percent of all textile fibers consumed by mills in the United States. ATMI supports H.R. 1616, a bill to extend the existing suspension of duty on crude feathers and down.

Congress first granted a duty suspension for these products in 1974 and renewed it in 1979, 1984 and 1990. The current suspension is scheduled to expire at the end of 1992. H.R. 1616 would delay the expiration date until December 31, 1997.

Since domestic production of feathers and down falls far short of demand, U.S. producers of end products would be put at a further economic disadvantage against their offshore competitors if they were required to pay the 15 percent duty.

For this reason, ATMI supports H.R. 1616 and recommends that the Subcommittee on Trade give it favorable consideration. We appreciate the opportunity to comment on this bill and would ask that this letter be made a part of the record.

Sincerely,

Carlos Moore

Carlos Moore
Executive Vice President

CM/kma

CRAFTED WITH PRIDE IN U.S.A.

H.R. 1617

To extend the temporary suspension of duties for hosiery knitting machines, hosiery knitting machine parts, hosiery knitting needles, and to include in the suspension other hosiery knitting machine parts used in forming stitches

---

ADAMS - MILLIS
DIVISION OF SARA LEE CORPORATION

HIGH POINT OFFICE
1823 EASTCHESTER DRIVE
HIGH POINT, NC 27265
TELEPHONE (919) 887-9200

MAILING ADDRESS
POST OFFICE BOX 2650
HIGH POINT, NC 27261

NEW YORK OFFICE
350 5TH AVENUE, 38TH FLOOR
NEW YORK, NY 10118
TELEPHONE (212) 239-4340

May 29, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

I would like to address my comments to H.R. 1617, which is now being reviewed by the Subcommittee on Trade of the Committee on Ways and Means.

Currently, there is virtually no domestic production of hosiery machines in the United States. I sincerely believe, as does our Corporation, Sara Lee, it is vital that hosiery machinery be allowed into the United States duty free. This is also true of needles and parts for hosiery equipment since there is virtually no domestic production available for these supplies.

We feel strongly that the U.S. Hosiery Industry should not be penalized when we purchase capital equipment that is unavailable from domestic manufacturers. Our company is not alone in this position and has a full support of the U.S. Hosiery Manufacturing Industry. We certainly urge full support of this vital bill.

Yours truly,

Geo Burfeind

George Burfeind
President

GB/fc

cc: Mr. Sid Smith, President of
National Association of Hosiery Manuf.

BELMONT
Hosiery Mills

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
United States House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

June 10, 1991

Dear Mr. Leonard:

This letter is in support of H.R. 1617.

No doubt, you have heard many times all those reasons why the U.S. hosiery industry feels so strongly about this legislation.

The simple fact that there is virtually no U.S. production of the machines and parts in question leaves us dependent on imports. These transactions would be less complicated and less costly with duty-free status.

Yours very truly,

BELMONT HOSIERY MILLS, INCORPORATED

Charles T. Stowe, Jr.
President

CTSJr/cb

Belmont Hosiery Mills, Incorporated
Post Office Box 750
Belmont, North Carolina 28012
Phone: 704-825-8585
Fax: 704-825-9292

NAHM

Buster Brown Apparel, Inc., P.O. Box 818, North Wilkesboro, NC 28659, (919) 838-4149

BUSTER BROWN

June 5, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Wages & Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

This letter is in reference to H.R. 1617. Buster Brown Apparel, Inc. is a manufacturer of infants' and children's hosiery, and we support H.R. 1617.

In the infants' and children's hosiery business, there are virtually no domestic hosiery equipment manufactures. There is no domestic production of hosiery needles used in the infants' and children's hosiery industry.

Since the majority of hosiery equipment used in the manufacturing of infants' and children's hosiery is made outside the United States, we also think parts for the hosiery machines should be allowed into the country duty free.

H.R. 1617 has the full support of the United States hosiery industry, and should be adopted.

Very truly yours,
Buster Brown Apparel, Inc.

Henry E. Peebles

Henry E. Peebles
Plant Manager

HEP/lwj

cc: HLS

Carolina Cook Industries, Inc.

Manufacturers of Fine Hosiery

P.O. BOX 1080 • 604 WASHINGTON ST. • GRAHAM, NC 27253 • (919) 226-1907

May 29, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Sir:

We find ourselves in full support of H. R. 1617. Since there is virtually no domestic production of hosiery machines, no domestic production of needles we feel they should come in duty free. We also feel that we should not be penalized when parts, needles and machinery are needed by our industry.

Sincerely:

Kenneth L. Cook
Vice President, Treasurer
Carolina Cook Ind., Inc.

CHARLESTON
HOSIERY, INC.

TED M. LEA
CHAIRMAN

June 3, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Sir:

Passage of H.R. 1617 is of great importance to the hosiery industry. Machines built in this country are so limited in number and in variety as to be nonexistent in terms of fulfilling industry requirements. Most are imported from countries whose governments heavily subsidize their production and sale worldwide. There is also no domestic production of needles and other essential parts for those imported machines.

Dependence on foreign supply of equipment to our industry is a disadvantage and duties on machines and parts not available in the United States hamper our ability to compete in the world market and against imported hosiery products at home. There being no domestic manufacture of these machines and parts to support, they should be duty free. Capital investment in equipment unavailable in the United States should not be discouraged by the imposition of duties.

Our industry fully supports H.R. 1617 and encourages its adoption to keep ourselves competitive at home and abroad.

Sincerely,

Ted M. Lea

rt

P.O. BOX 2190 • CLEVELAND, TENNESSEE 37320-2190 • (615) 472-5095 • FAX (615) 479-5522

CHARLESTON
HOSIERY, INC.

JAMES W. O'BRIEN
PRESIDENT

June 5, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Sir:

Passage of H.R. 1617 is of great importance to the hosiery industry. Machines built in this country are so limited in number and in variety as to be nonexistent in terms of fulfilling industry requirements. Most are imported from countries whose governments heavily subsidize their production and sales worldwide. There is also no domestic production of needles and other essential parts for those imported machines.

Dependence on foreign supply of equipment to our industry is a disadvantage and duties on machines and parts not available in the United States hamper our ability to compete in the world market and against imported hosiery products at home. There being no domestic manufacture of these machines and parts to support, they should be duty free. Capital investment in equipment unavailable in the United States should not be discouraged by the imposition of duties.

Our industry fully supports H.R. 1617 and encourages its adoption to keep ourselves competitive at home and abroad.

Sincerely,

JW O'Brien
James W. O'Brien

JWO/pw

P.O. BOX 2190 • CLEVELAND, TENNESSEE 37320-2190 • (615) 479-6095 • FAX (615) 479-8882
P.O. BOX 21 • WYCKOFF, NEW JERSEY 07481 • (201) 848-8263 • FAX (201) 848-7863
101 WEST 55th ST. • NEW YORK, NEW YORK 10019 • (212) 489-6250 • FAX (212) 757-2212

CRESCENT HOSIERY MILLS, INC.

P. O. BOX 370
615-568-2101

NIOTA, TENNESSEE 37826

W. H. BURN
PRESIDENT

QUALITY HOSIERY SINCE 1902

June 6, 1991

Mr. Robert J. Leonard
Chief Councel
Committee on Ways & Means
U.S. House of Representatives
Room 1102, Longworth House Office Bldg.
Washington, D.C. 20515

Dear Mr. Leonard:

We are writing to ask for your support on the H.R. 1617 bill which refers to the duty-free entry of hosiery machines, parts and hosiery needles.

We would like to give the following information as to why this legislation is important to the entire hosiery industry. There is virtually no domestic production of hosiery machines and no domestic production of needles, therefore they should both be allowed to enter the U.S. duty-free. Accordingly, parts for duty-free hosiery machines should also be allowed into the U.S. duty-free. We do not feel that the hosiery industry should be penalized for purchasing capital equipment that is unavailable from our domestic manufacturers. H.R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

We thank you for your attention to this matter.

Yours very truly,

WHBurn

W. H. Burn, President

WHB/sbb

MEMBER
NAHM

ELASTIC THERAPY, INC.
1617 N. Fayetteville St. - P.O. Box 4068
Asheboro, North Carolina 27204-4068
Telephone (919) 672-6681
Fax (919) 672-6684

May 30, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

H.R. 1617

I am writing to voice my support for passage of H.R. 1617. This bill would be advantageous to the domestic hosiery industry and represents much needed legislation.

Currently there is virtually no domestic production of hosiery machines or parts for these machines. Both the capital equipment and parts should be allowed into the United States duty free. The U.S. hosiery industry should not be penalized for making capital investments for equipment that is unavailable from domestic manufacturers.

Also, there is no domestic production of knitting machine needles and they should be allowed into the U.S. duty free.

Currently H.R. 1617 has the full support of the U.S. manufacturing industry. The bill as it is currently written should be approved.

I thank you for your time and attention, and I look forward to an expeditious passage of H.R. 1617.

Sincerely,

ELASTIC THERAPY, INC.

J. M. Ramsay

J. M. Ramsay, III
President

MR/pt

CC: Mr. Sid Smith, National Association of Hosiery Manufacturers

FLISCINKIM, INC.

P. O. BOX 226
FORT PAYNE, AL 35967

June 12, 1991

Dear Sir:

It is my understanding that there is no factory in the United States that produce knitting machines. Because of this, I feel it is unfair that we should pay duty on machines when they enter this country. And there is even less factories that produce knitting needles, as a matter of fact, I don't believe there is a single one. Neither are there any that produce parts for these machines. I believe the hosiery industry in the United States should not be penalized for purchasing capital equipment that is manufactured in other countries and that we are unable to purchase in the United States. And I fully support H.R. 1617, and I know that it is strongly supported by the hosiery industry throughout this country.

Sincerely yours,

Elbert Lindsey
Owner/President

FOX RIVER®

FOX RIVER MILLS, INC.
P.O. Box 298
Osage, Iowa 50461 U.S.A.
515-732-3798

June 3, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1617

Dear Mr. Leonard:

It is my understanding that the Subcommittee on Trade of the Committee on Ways and Means of the U.S. House of Representatives is now considering H.R. 1617. This bill is especially important to the hosiery industry because it includes in the suspension other hosiery knitting machine parts used in the formation of stitches.

A few points to be considered:

1. There is virtually no domestic production of hosiery machines and they should be allowed into the U.S. duty-free.

2. There is no domestic production of needles and they should be allowed into the U.S. duty-free.

3. Parts for duty free hosiery machines should also be allowed into the U.S. duty-free.

4. The U.S. hosiery industry should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers.

H.R. 1617 is the most comprehensive legislation proposed to date and would further improve the relationship between customs brokers and U.S. Customs. It also has the full support of the U.S. manufacturing industry and should be adopted.

Sincerely,

FOX RIVER MILLS, INC.

John Lessard

John J. Lessard
President

JJL/rmg

TEL. 704-322-1110
FAX: 704-322-4846

FRANKS HOSIERY MILL, INC.
2226 FIRST STREET, S. E. (Brookford)
P. O. BOX 1270
HICKORY, NORTH CAROLINA 28601

June 5, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.D. 20515

Dear Mr. Leonard:

I wish to state that I am supportive of H.R. 1617 for duty-free entry of hosiery machines, parts and hosiery needles.

The ability to order needles from domestic producers is virtually impossible therefore they should be sent into the U.S. duty-free. The same applies to hosiery machines and parts for same.

I do not feel we should be penalized for purchasing capital equipment that is not readily available in the states.

H.R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

Sincerely,

FRANKS HOISERY MILL, INC.

Sylvia Franks

Sylvia Franks, Secy-Treas.

sf/s

hampshire hosiery

Hampshire Hosiery, Inc.
600 Green Valley Road, Suite 100
Greensboro, North Carolina 27408
919-294-1467
FAX 919-299-7195

May 29, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

RE: H.R. 1617

The passage and approval of House Bill 1617 is very important to the U.S. hosiery industry so that this industry can remain very competitive in the world market and continue to boast that over 95% of the hosiery purchased in the United States is domestically made. There are five key reasons why this Bill should be looked upon favorably:

1. There is virtually no domestic production of hosiery machines and they should be allowed into the U.S. duty-free.
2. There is no domestic production of needles and they should be allowed into the U.S. duty-free.
3. Parts for duty-free hosiery machines should also be allowed into the U.S. duty-free.
4. The U.S. hosiery industry should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers.
5. H.R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

I certainly hope the Ways and Means Committee will support this Bill. Thank you for your consideration.

Sincerely,

HAMPSHIRE HOSIERY, INC.

John Stanfield

J. R. Stanfield, President

JRS:la

NAIM

Harriss & Covington Hosiery Mills
INCORPORATED 1920

919-882-6811
2525 E. GREEN DR.

P.O. BOX 1909
HIGH POINT, NORTH CAROLINA 27261

June 11, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard,

This letter is written in complete support of H.R. 1617 for duty free entry of hosiery machines, parts, and hosiery needles.

There is no domestic production of hosiery knitting equipment, parts, or needles, thus no United States industry to protect. Our hosiery industry should not be penalized for capital purchases that are not available domestically. H.R. 1617 has the full support of the U.S. manufacturing industry, and will hopefully be adopted.

Thank you for your consideration.

Sincerely,

Ned Covington

Ned Covington
President

NC/ag

HOLT Hosiery MILLS
INCORPORATED

June 11, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Members of the Subcommittee on Trade

SUBJECT: H.R. 1617

As Chairman of the Board of Holt Hosiery Mills, Inc., Burlington, North Carolina, I want to urge the Committee to strongly support H.R. 1617, which I understand allows duty-free entry of hosiery machines, parts and hosiery needles.

This bill is extremely important to the United States hosiery industry inasmuch as there is practically no domestic production of hosiery machines and no domestic production of needles. Any duties or levies placed on both machines and needles would be imposing an unnecessary burden on our domestic industry.

The same logic applies to parts. Even though there are some parts made in this country, we basically need a free supply of parts to go with the machinery which we must purchase abroad.

It does not seem to me that the hosiery industry should be penalized when it is forced to purchase capital equipment abroad since it is not available from domestic manufacturers.

Again, let me urge your support to H.R. 1617 which will be a definite support of one of the highest productivity industries in the United States. Help us keep it that way!

Yours very truly,

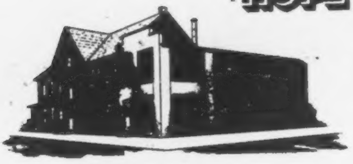
Ralph M. Holt, Jr.
Chairman of the Board

P.O. BOX 1757 · BURLINGTON, NORTH CAROLINA 27216-1757 · TELEPHONE 919-227-1431 · FAX 919-227-8614

FOUNDED 1923

PHONE
ADAMSTOWN 484—4381
AREA CODE 215

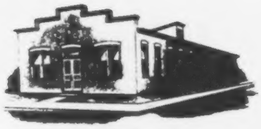
HOPE HOSIERY MILLS



ORIGINAL ADAMSTOWN PLANT

MANUFACTURERS OF
HOPE QUALITY
MEN'S SOCKS

P. O. BOX 487
ADAMSTOWN, PA. 19501



REAMSTOWN PLANT

June 4, 1991

Mr. Robert J. Leonard-Chief Counsel
Committee on Ways and Means
U. S. House of Representatives Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard:

We at Hope Hosiery strongly support passage of H.R. 1617 for duty-free entry of hosiery machines, parts and hosiery needles.

1. There is virtually no domestic production of hosiery machines and they should be allowed into the U.S. duty-free.
2. There is no domestic production of needles and they should be allowed into the U.S. duty-free.
3. Parts for duty free hosiery machines should also be allowed into the U.S. duty-free.
4. The U.S. hosiery industry should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers.
5. H.R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

Thank you for your consideration of this bill which is so important for our industry.

Sincerely,

Charles F. Milner
Charles F. Milner, Jr.
President

CFM:ls

Kayser-Roth Corporation

4906 Koger Blvd. Greensboro, NC 27407-2639 919 852-2030

June 7, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Longworth House Office Building, Room 1102
Washington, DC 20515

Re: H.R. 1617

Dear Mr. Leonard:

Kayser-Roth Corporation is the second largest hosiery manufacturer in the United States. We manufacture both Socks and Ladies Hosiery in manufacturing plants in North Carolina, South Carolina, Tennessee and Puerto Rico. We have sales offices and distributors across the U.S. We employ over 6,000 people.

Kayser-Roth strongly supports the passage of the subject bill for the following reasons:

1. There is virtually no domestic production of ladies hosiery knitting machines. A tariff serves no protective purpose and the revenue gain is nominal.
2. There is no domestic production of knitting needles, so again a protective tariff serves no purpose.
3. Parts for duty free items not available domestically should themselves be duty free.
4. The U.S. hosiery industry should not be penalized for making capital improvements which are not available from U.S. manufacturers.
5. We must maintain world wide technological competitiveness and therefore economic competitiveness. At the present, this can only be done with imported equipment.

Accordingly, Kayser-Roth Corporation urges that it be enacted into law.

Sincerely,

Bobby J. Prochaska

Bobby J. Prochaska
Vice President, Manufacturing
Sheer Hosiery Division

NY Office: 210 Madison Avenue New York, NY 10016 212 578-1282 Fax 212 578-1317

NAHM

LEA-WAYNE KNITTING MILLS INC.

Infants, Children and Misses Hosiery - "Moon Boot" Slippers

Lea R. Smith
Chmn of Board

D. O. Ratcliff
President

Hugh Watkins
Sec.-Treas.

June 10, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

Re: H.R. 1617

As manufacturers of hosiery, we urge passage of this bill, which will greatly benefit us. We have recently created fifty new jobs due to purchase of knitting machines from Italy. These machines were purchased there because there is no domestic production of knitting machines.

There is also no domestic production of needles and most parts, so we feel machines, needles and parts should be allowed into the U.S. duty-free. H.R. 1617 is fully supported by U.S. manufacturing industry because we should not be penalized for buying outside the U.S. capital equipment not available here.

Sincerely,

LEA-WAYNE KNITTING MILLS, INC.

D. O. Ratcliff
President

DOR/wr

Lea-Wayne Knitting Mills, Inc.
P.O. Box 1026
Morristown, TN 37816
615-586-7513

Lea-Wayne Knitting Mills, Inc.
40 East 34th Street
New York, New York 10016
212-685-3151

LMM

LEATH, McCARTHY & MAYNARD, INC.

235 W. TRADE ST. • P.O. BOX 760
BURLINGTON, NORTH CAROLINA 27216
(919) 228-6351 • (800) 331-4376
FAX (919) 228-6354

May 31, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Way and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard:

We are writing with respect to H.R. 1617 concerning duty-free entry of hosiery machines, parts, and hosiery needles.

Our hosiery industry needs this duty-free status because virtually all of our equipment, parts, etc is imported. Non duty-free status would add additional cost to our products which would force us to raise prices to retailers and consumers.

We strongly support duty-free status of hosiery machines, parts, and hosiery needles.

Sincerely,

Clifford T. Leath
President

CTL/pc

cc: Sid Smith NAHM
Chuck Brooks NAHM

Ladies Hosiery • Panty Hose MEMBER NAHM Tights • Family Socks

KINGS CRAFTED
HOSIERY

Mauney Hosiery Mills, Inc.

MEN'S AND BOYS' SEAMLESS AND LADIES' TEXTURED HOSIERY

P. O. BOX ~~1042~~ 1279 · KINGS MOUNTAIN, NORTH CAROLINA 28086 · TELEPHONE 704 739-3621

June 5, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives, Room 1102
Longworth House Office Building
Washington, DC 20515

RE: Public Comment on H.R. 1617
For duty-free entry of hosiery machines,
parts, and hosiery needles.

Dear Sirs:

It is my understanding that you are now accepting public comment on H.R. 1617.

In 1990, our company purchased over $800,000.00 worth of hosiery machines and over $145,000.00 worth of needles and parts from European countries. We have already this year contracted for over $700,000.00 worth of new Lonati Knitting Machines from Italy.

There is virtually no domestic production of hosiery machines, and there is no domestic production of needles. Therefore, I feel that our company should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers by having to pay the duty on this equipment. This equipment should be duty-free.

Parts and supplies for duty-free hosiery machines should also be allowed into the U. S. duty-free.

H.R. 1617 has the full support of the U. S. Manufacturing Industry and our National Association of Hosiery Manufacturers, and should be adopted.

I will appreciate your consideration of my comments when you vote on this legislation.

Sincerely,

MAUNEY HOSIERY MILLS, INC.

W. K. Mauney, Jr.

W. K. Mauney, Jr.
President

WKMjr:fg

MAYO KNITTING MILL, Inc.
Manufacturers of Men's, Boy's and Children's Hosiery
Hope Lodge Street P. O. Box 160 Telephone 919-823-3101
TARBORO, NORTH CAROLINA 27886

May 30, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Committee Member:

As a hosiery manufacturer I feel that some very important legislation is coming up that I certainly hope will pass and that is H.R. 1617. We certainly hope that you will see fit to give this bill your full support.

There is vertically no hosiery machines made in this country. We as hosiery manufacturers cannot see why we should be penalized with a duty of buying overseas when there is none available in this country.

We also feel that the needles and their parts for this equipment should also be duty free as any duty will help add to our cost, consequently making it that much more difficult for us to compete with foreign manufacturers.

Thanking you for any help that you might give.

I remain

Yours very truly,

MAYO KNITTING MILL, INC.

C. W. Mayo III
President

CWMIII/sg

NAHM National Association of Hosiery Manufacturers

447 S. SHARON AMITY RD. • CHARLOTTE, NORTH CAROLINA 28211 • TELEPHONE: (704) 365-0913
FAX: (704) 362-2056

May 28, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D.C. 20525

Re: H.R. 1617
Duty Free Entry of Hosiery Machines, Parts and Needles

Dear Mr. Leonard:

The National Association of Hosiery Manufacturers (NAHM) is the trade association representing the interests of those companies in the United States which produce all types of men's, women's, and chilren's hosiery. NAHM members manufacture and sell 85 percent of the hosiery marketed in the U.S. and account for over 425 operating plants which employ over 70,000 people.

Hosiery machines, most hosiery machine parts, and all hosiery needles are now allowed into the U.S. duty-free. This has been an ongoing situation for some time. This current duty-free status is set to expire on December 31, 1992. H.R. 1617 (the companion bill in the Senate is S. 706) has been introduced on behalf of the American hosiery industry to extend this current duty-free exemption.

Because certain hosiery machine parts are not provided elsewhere in the Harmonized Tariff Schedule, the hosiery industry must include duty-free coverage to other hosiery knitting machine parts used in forming stitches to assist the U.S Customs Service in properly identifying hosiery machine parts when they are imported into the U.S.

Attached is a March 29, 1991 letter from Arthur Brodbeck, National Import Specialist, U.S. Customs Service, which supports our legislation and specifically states that H.R. 1617 "will remove an administrative burden for Customs in having to decide what articles are included under articles used in forming stitches."

OVER

The NAHM appreciates your time and consideration in reviewing these comments while evaluating the merits of H.R. 1617. The overall effect of this legislation will be to allow the U.S. hosiery industry to remain competitive by acquiring new equipment that is not domestically available. If the NAHM may be of any further assistance, please feel free to contact me.

Regards,

Sid Smith

Sid Smith
President and
Chief Executive Officer

SS/my

8-14-81

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
NEW YORK, N.Y.

REFER TO
VP/S FIN
SHOW PR STAT
ADM
FILE

March 29, 1991

Mr.Chuck Brooks
Vice President/Secretary
National Asst. of Hosiery Manufacturers
447 S. Sharon Amity Rd.
Charlotte, NC 28211

Dear Mr. Brooks:

Regarding our recent phone conversation that dealt with the extension of duty free entry for hosiery knitting machines, needles and parts, I have had a chance to review the draft copy of model legislation that will be introduced into the Senate.

The proposed format of including HTS number 8448.51.50 under the temporary free provision of 9902.84.47 should clarify the issue of how such articles as sinkers and other articles used in forming stitches be classified. This will also remove an administrative burden for Customs in having to decide what articles are included under "articles used in forming stitches".

I would like to take this time to thank you and your Association in providing my office with technical help in the past when classification issues arose in the Customs Service. Feel free to contact my office if you need any assistance in clarifying any Customs related matters involving hosiery machinery.

Very Truly Yours,

Art Brodbeck

Arthur Brodbeck
National Import Specialist
New York Seaport

REPLY TO: AREA DIRECTOR OF CUSTOMS, NEW YORK SEAPORT, NEW YORK, NEW YORK 10048

Paul Lavitt Mills, Inc.

MAIN OFFICE
P.O. BOX 1507
1517 F AVENUE, S.E.
HICKORY, NC 28601
(704) 328-2463
FAX (704) 328-5906

IN·STEP.

Zodiac
USA ®

SALES OFFICE
SUITE 1305
350 FIFTH AVE.
NEW YORK, NY 10118
(212) 629- 8250
FAX (212) 594-6415

June 6, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Subject: HR 1617 for Duty Free Entry

I am sure the Committee on Ways & Means is fully aware no knitting machines or needles/flat parts are manufactured in the United States. This same subject was investigated, per various enclosures, back in 1981 when I had Congressman Jim Broyhill and Congressman Jim Martin introduce bills HR 5839 and HR 4155.

Notice also the copy from Hosiery News dated June 1991 concerning the increase of hosiery imports. This increase has been growing yearly thereby jeopardizing our industry, hence jobs.

Please do not penalize our industry with duties and tariffs that do not protect any American industry. These duties and tariffs will raise very little income for our country.

The number of hosiery mills has decreased dramatically in the past five years. Working Americans employed will yield far more "taxes" than duty on hosiery parts would yield.

Sincerely,

Paul Lavitt

Paul P. Lavitt
Chairman of the Board

PPL:cms

enclosures

c: Congressman Cass Ballenger
National Association of Hosiery Manufacturers
Catawba Valley Hosiery Association

February Hosiery Production Flat, Shipments Slip 3.9%

Although production of socks was healthy in February, women's sheer hosiery production dipped slightly, the National Association of Hosiery Manufacturers reported in its February Monthly Statistics.

Total hosiery production for February was 25,252,000 dozen, slipping slightly from last year's 25,325,000 dozen. Year-to-date production totalled 50,713,000 dozen, down a modest 2.0 percent. Although sock production year-to-date was higher than last year, women's sheer hosiery production was below 1990.

Sock production in February increased in every individual size range. Total sock production was 13,448,000 dozen, climbing 4.8 percent from the previous year. The largest increase occurred in the men's sock category, which rose 7.6 percent, reversing the downward trend experienced over the past several months. Year-to-date sock production reached 26,749,000 dozen, 1.7 percent higher than last year.

Production of infants' and children's socks, sizes 3-8½ remained stable this month, boosting year-to-date production in this category 5.0 percent.

February production of girls', boys' and women's socks rose 5.1 percent above February 1990. Led by two consecutive months of increases in boys' socks, year-to-date production for the 8-11 size range rose 2.9 percent higher than the first two months of 1990.

Women's sheer hosiery production during February totalled 11,804,000 dozen, 5.5 percent below last year. This brings year-to-date production to 23,964,000 dozen, 5.8 percent below the previous year.

Total hosiery shipments for February reached 25,170,000 dozen, down a moderate 3.9 percent from last year. Year-to-date shipments totalled 50,033,000 dozen, 3.0 percent below the previous level.

February sock shipments amounted to 13,710,000 dozen, down 2.4 percent from February 1990. The only sock category that exhibited an increase this month was infants' and children's socks, sizes 3-8½, which was up 6.9 percent. Year-to-date sock shipments totalled 26,979,000 dozen, a modest 3.6 percent below shipments reported last year.

Shipments of girls', boys' and women's socks, sizes 8-11, slipped 2.8 percent in February and 2.2 percent year-to-date. Similarly, February shipments of men's socks, sizes 10 & up, dropped 7.2 percent from a year ago. Year-to-date shipments in this category fell 11.7 percent below the 1990 level.

Women's sheer hosiery shipments for the month of February totalled 11,460,000 dozen, 5.7 percent below those reported last year. Year-to-date shipments, which at this time last year were down by 20.6 percent, fell at a more moderate pace, down just 2.1 percent to 23,054,000 dozen.

The National Association of Hosiery Manufacturers February Monthly Statistics were mailed to participating NAHM Members and Sponsors April 26. Compiled by NAHM, each month's statistics break down hosiery production and shipments by hosiery category.

January Hosiery [redacted]8.5% as Exports Decline

Fueled by pantyhose and tights imports from Taiwan, which continued to climb dramatically this month, hosiery imports for January rose 38.5 percent to 1,612,963 dozen, according to NAHM's January U.S. International Trade and Hosiery Report.

When the effects of the 9802 activity is factored into the data, total hosiery imports increased at a slightly faster rate. Total imports less 9802 transactions rose 39.9 percent above last year, and accounted for 10.8 percent of all imports. All of the 9802 transactions this month were in the pantyhose and tights grouping.

While hosiery imports rose, total hosiery exports declined. January exports totalled 456,053 dozen, 11.8 percent below last year. Although exports to Canada continued to rise, up 15.6 percent, exports to other major markets for U.S. goods experienced significant declines. The only export category to increase this month was socks of synthetic fibers.

Imports of pantyhose and tights in January were almost double those of last January. Fifty-two percent of these were from Taiwan.

Pantyhose and tights imports, excluding 9802 activity, caused the import figure in this category to jump 126.6 percent this month. 9802 transactions accounted for just over 20.0 percent of pantyhose and tights imports, compared to 31.1 percent last year.

As imports of pantyhose and tights climbed rapidly, exports in this group dropped. January exports of pantyhose and tights slid 3.7 percent below last year. Although exports to Canada, Jamaica and South Africa rose, they were not enough to offset the steep declines from last year's top two recipients of goods, Mexico and Colombia.

Imports of women's full-length or knee-length hosiery continued to fall this month, though at a decreasing rate, dropping 6.6 percent below last year.

Exports of women's full-length or knee-length hosiery reversed the upward trend in February, plummeting more than 62.0 percent. Exports to Chile, which accounted for over 61.0 percent of exports in this category last year, dropped 81.5 percent.

January imports of socks rose 5.0 percent higher than last year. With more than 74.0 percent of these coming from two countries, Taiwan and Korea.

The sock category was the only export grouping to show an increase this month, up a modest 1.2 percent over the previous year. This was fueled totally by the 61.8 percent jump in exports of socks of synthetic fibers, the only individual breakdown to increase during this month. Exports to Canada, the top recipient of socks, was down 13.4 percent from last year.

The NAHM January U.S. International Trade and Hosiery Report, which was mailed April 10 to NAHM Active Members and Sponsors, who have requested it, contains in-depth hosiery import and export information in every category for each country with which the U.S. trades.

97TH CONGRESS
2D SESSION

H. R. 5839

To apply duty-free treatment to hosiery knitting machines.

IN THE HOUSE OF REPRESENTATIVES

MARCH 16, 1982

Mr. BROYHILL introduced the following bill; which was referred to the Committee on Ways and Means

---

A BILL

To apply duty-free treatment to hosiery knitting machines.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subpart E of part 4 of schedule 6 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended as follows:

(1) Item 670.16 is amended by striking out "5.7% ad val." and inserting in lieu thereof "Free", and by striking out "4.4% ad val.".

(2) Item 670.18 is amended by striking out "6.9% ad val." and inserting in lieu thereof "Free", and by striking out "5.1% ad val.".

JAMES T. BROYHILL
10th District, North Carolina

Room [illegible]
Rayburn House Office Building
Washington, D.C. 20515
202-225-[illegible]

Committee:

ENERGY AND COMMERCE
RANKING MINORITY
MEMBER

Congress of the United States
House of Representatives
Washington, D.C. 20515

District Offices:
[illegible] South Street
Gastonia, North Carolina 28052
(704) [illegible]

[illegible] Mulberry Street, S.W.
Lenoir, North Carolina 28645
(704) 758-4247

Room [illegible]
Federal Building
Hickory, North Carolina 28601
(704) [illegible]

July 21, 1981

Mr. Paul Lavitt
Paul Lavitt Mills, Inc.
Post Office Box 1507
Hickory, North Carolina 28601

Dear Paul:

I wanted to let you know that Congressman Jim Martin has introduced H.R. 4155 which would suspend for four years the duty on double-head latch needles. The legislation is currently pending in the House Ways and Means Committee awaiting action.

I have enclosed a copy of the bill for your information. Should you have any additional questions, Paul, or feel that I can be of further service to you, I hope you will not hesitate to let me know.

With best regards,

Jim

James T. Broyhill
Member of Congress

JTB:sa
Enclosure

97TH CONGRESS
1ST SESSION

H. R. 4155

To suspend for four years the duty on double-head latch needles.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 1981

Mr. MARTIN of North Carolina introduced the following bill; which was referred to the Committee on Ways and Means

---

A BILL

To suspend for four years the duty on double-head latch needles.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting in numerical sequence the following new item:

"	912.15	Double-head latch needles (provided for in item 670.58, part 4E, schedule 6) ..			On or before 6/30/85.	".

SEC. 2. The amendment made by the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the enactment of this Act.

DUTY RELIEF BILL ON DOUBLE-HEAD LATCH NEEDLES

Under the tariff schedules of the United States annotated (TSUSA) imported needles for knitting machines are classified under three separate groupings. The first is for latch needles, (TSUSA Number 760.5800). The other two groupings are for spring-beard needles, and then other. All types of latch needles for hosiery knitting machines are imported under Number 670.5800.

The present duty for needles imported under that category is 50 cents per thousand plus 15% of the value. For countries not receiving preferential duty treatment, the duty is $2 per thousand, plus 60% of the value. No special duty considerations are given to Lesser Developed Countries (LDC's).

Under the Tokyo Round of Multilateral Trade Negotiations, the United States agreed to cut tariffs on this particular product in six equal stages, beginning on January 1, 1982. This coming January, the duty will be reduced to 41 cents per thousand, plus 14.2% of value. Each January 1 for the following years the duty will be cut to: 33 cents per thousand plus 13.3% of value; 25 cents per thousand plus 12.5% of value; 16 cents per thousand plus 11.7% of value; 8 cents per thousand plus 10.8% of value; and to 10% of value on January 1, 1987. These duty reductions would apply to all types of latch needles imported under this particular product category.

A bill was recently introduced into the House of Representatives by Congressman James G. Martin from North Carolina. The untitled bill, H.R. 4155, is designed to suspend for four years the duty on double-head latch needles which are imported under TSUSA Category Number 670.5800. If adopted, it would suspend the applicability of duty on all needles imported on or before June 30, 1985. It would also affect just double-head latch needles, and not all other types of needles that might be imported under TSUSA Category Number 670.5800 "latch needles." Also, if after the four-year period of duty suspension, additional action was not taken, the duty would be reimposed on the importation of these items after June 30, 1985. Under the present legislation, that duty would be 16 cents per thousand plus 11.7% of value.

Referring to general import data, during 1980, 130,215,000 needles were imported under the classification "latch needles for knitting machines." These needles were valued at $20,333,000 C.I.F. (Customs, Insurance and Freight Included). The value for customs purposes was $20,177,000. The exact number of these imports that are double-head latch needles is not determinable.

The largest number of these imports (42%) or 55,251,000 came from West Germany. The next largest importing country was Japan with 31,333,000 needles. The third largest was Canada with 21,079,000 needles imported last year. Other countries with imports of three to five million needles were Brazil, United Kingdom, Switzerland, and the Republic of Korea.

Through April of 1981, looking at cumulative figures for the year, these same basic trends have continued, with West Germany still dominating in shipments, followed by Japan and Canada. A total of 49,050,000 needles have already been imported this year.

H.R. 4155 has been referred to the House Ways and Means Committee, and further transferred to the Subcommittee on Trade. No specific action is scheduled on this measure at this time, however, hearings on miscellaneous tariff items will probably be conducted following the return of Congress to Washington sometime in September. Two other textile items have recently been granted temporary legislation for the suspension of import duties through June 30, 1983. These are: warp knitting machines; and power driven flat knitting machines over 20 inches in width. Such action on duty suspension has granted the free importation from countries with preferential duty treatment, but there is no change on the duties from non-preferential duty countries.

Sid Smith
July 31, 1981

ROANE HOSIERY, INC.
P.O. BOX 431 - HARRIMAN, TENNESSEE 37748
Area Code 615 882-0121

May 30, 1991

SALES OFFICE
SUITE 3016-17
EMPIRE STATE BUILDING
New York, New York 10118
Area Code 212 736-0080

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard,

We wish to express our strong support of H.R. 1617. As there is virtually no domestic production of hosiery machines, needles and parts the U.S. hoisery industry should not be penalized for purchasing this capitol equipment abroad. Duty free entry of these items is very important to the ongoing competitiveness of the U.S. hosiery industry. H.R. 1617 enjoys the full support of the U.S. manufacturing industry and we urge your favorable consideration of it.

Regards,

George E. Wilson, III

GEW:er

cc: Mr. Sid Smith
N.A.H.M.

350 Fifth Avenue
Suite 2512
New York, NY 10118

ROYCE

May 30, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

We manufacture hosiery--100% in the U.S.A. Machinery, parts and needles are our life blood. To survive as an industry employing hundreds of thousands of workers, we need to let you know, clearly, that HR 1617 is critically important for the following reasons:

1. There is virtually no domestic production of hosiery machines and they should be allowed into the U.S. duty-free.

2. There is no domestic production of needles and they should be allowed into the U.S. duty-free.

3. Parts for duty free hosiery hosiery machines should also be allowed into the U.S. duty-free.

4. The U.S. hosiery industry should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers.

5. H. R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

Thank you for your consideration.

Very truly yours,

Steven J. Lowenthal
President

Royce Hosiery Mills, Inc. Tel: (212)695-5113 Fax: (212)629-8150

UNITED STATES HOSIERY
CORPORATION
"The Professionals of Knitted Footwear"

May 31, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
Room 1102
Longworth House Office Building
Washington, D.C. 20515

RE: H.R. 1617

Dear Mr. Leonard:

The passage and approval of **H.R. 1617** is critical to the U.S. Hosiery Industry so that it may remain competitive in the world market.

The five key reasons we support the bill are:

1. There is virtually no domestic production of hosiery machines; therefore, they should be allowed into the U.S. duty-free.
2. There is no domestic production of needles and they should be allowed into the U.S. duty-free.
3. Parts for duty free hosiery machines should also be allowed into the U.S. duty-free.
4. The U.S. Hosiery Industry should not be penalized for purchasing capital equipment that is not available from domestic manufacturers.
5. H.R. 1617 has the full support of the U.S. manufacturing industry and should be adopted.

We, at United States Hosiery Corporation, urge you and the Ways and Means Committee to support this bill. We appreciate your assistance and representation.

Sincerely,

Daniel L Brier

Daniel L. Brier
Chair/CEO

DLB\sfw

UNITED STATES HOSIERY
CORPORATION
P.O. BOX 160 / Lincolnton, N.C. 28093-0160 / 704-735-3041
Fax 704-732-6119

WALTON KNITTING MILLS, INC.
• P. O. Box 1808 • Hickory, NC 28603
• Telephone: 704-322-4136 • FAX: 704-322-4137

May 29, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

SUBJECT: H.R. 1617

Dear Mr. Leonard:

Concerning the bill H.R. 1617 for duty-free entry of hosiery machines, parts and needles. We feel we should not be penalized for purchasing capital equipment that is unavailable from domestic manufacturers.

We feel it is a critical bill which must be passed for the hosiery industry to survive.

IT HAS OUR FULL SUPPORT AND SHOULD BE ADOPTED.

Sincerely,

C Frank Simmons
ch

C. Frank Simmons
President

H.R. 1619

To suspend temporarily the duty on N-[[4-chlorophenyl)-amino]carbonyl]-2,6-diflourobenzamide

STATEMENT OF UNIROYAL CHEMICAL COMPANY, INC., MIDDLEBURY, CONNECTICUT

MEMORANDUM IN SUPPORT OF H.R. 1619
A Bill to suspend temporarily the duty on
N - [[(4-chlorophenyl) amino] carbonyl]-2,6-difluorobenzamide

(DIFLUBENZURON)

I. INTRODUCTION

This memorandum outlines the principal factors which support favorable consideration of H.R. 1619, a bill to suspend, through December 31, 1994, the 13.5% ad valorem Customs duties on imported N - [[(4-chlorophenyl) amino] carbonyl]-2,6-difluorobenzamide (90%) and the 9.7% ad valorem duty plus $0.018/kg duty on N-[[(4-chlorophenyl) amino] carbonyl]-2,6-difluorobenzamide (25%) and inerts (75%) provided for under HTS subheadings 2929.90.10.00.3 and 3808.10.20.00.2 respectively. Both of these products are known by their trade name of diflubenzuron.

II. DESCRIPTION AND USES OF DIFLUBENZURON

The chemical diflubenzuron, commonly known by its registered brand name "DIMILIN", falls under two separate HTS subheadings depending on the percentage of basic chemical composition. N-[[(4-chlorophenyl) amino] carbonyl]-2,6-difluorobenzamide (90%) or DIMILIN Tech, is the pure product with only clay and other inerts present. N-[[(4-chlorophenyl) amino] carbonyl]-2,6-difluorobenzamide (25%) is diluted with inerts (75%) to compose Uniroyal product DIMILIN 25. Both products are registered trademarks of Uniroyal Chemical Company, Inc.

DIMILIN was invented by Duphar B.V. of Holland who is the sole producer and holds the U.S. registration as well. Duphar holds the patent for diflubenzuron as well. This patent expires in 2003 - well after the requested duty suspension period. Uniroyal has an agreement with Duphar to import diflubenzuron for purposes of regulating pesticide growth.

The chemical is used as an insect growth regulator. While often classified or referred to as an insecticide, it is not, and as a growth regulator, has a unique mode of action. It inhibits the ability of the egg to hatch or the larvae to rupture the cuticle thereby causing the insect to die before reaching maturity.

Its primary uses include forestry (gypsy moth control), nurseries, mosquito control, cotton, soybeans and Christmas trees. The U.S. Department of Agriculture has approved DIMILIN as one of three products as considered "very safe" for use in the treatment of the boll weevil in cotton. As part of a good integrated pest management program, DIMILIN can replace the toxic and nasty products previously used. DIMILIN is not toxic to birds, bees or fish. Dr. John Moore, Assistant Administrator of the EPA is quoted in the book Silent Spring Revisited as follows:

> "Perhaps most encouraging is the recent practice of developing a pest management plan in which chemical pesticides are only a part of a multifaceted scheme. The emergent success story of boll weevil control in cotton production throughout the Carolinas is most illustrative. Through the use of the chemical dimilin (sic.), which has selective larvicidal and chitin-inhibiting properties, early season spraying with conventional chemical insecticides is not needed. Natural predators of other cotton pests that used to be destroyed by these sprayings are once again successful in keeping these pest species in natural balance."

Thirty percent of DIMILIN imports are used by State gypsy moth eradication programs where sixty five percent of the products in use by the States is DIMILIN.

Another important use of DIMILIN is for mosquito control. The World Health Organization approved the use of DIMILIN last year for mosquito control and it is being used successfully in the U.S. and many other countries of the world because of its selective mode of operation, its low mammalian toxicity, its non-persistence in soils and hydrosoils, its lack of mobility in the environment and its low biological accumulation and magnification.

III. ENVIRONMENTAL CONCERNS

EPA has never classified diflubenzuron as a known or likely carcinogen. This has been confirmed by Paul Schroeder in Phil Hutton's office at the EPA. Phil Hutton is the EPA product manager for diflubenzuron.

Paul Schroeder told us that the EPA has tested diflubenzuron on rats and mice for a life time at 10,000 parts per million (which is equal to 1% of their diet). They found no incidents of increased tumors and no weight loss. One non-EPA study said that there could be slight carcinogenic characteristics. EPA determined that these tests were not applied under proper conditions and therefore were inadequate, and that there was not sufficient evidence to conclude that there may be carcinogenic characteristics. EPA basically discounted this study. Schroeder said that often times environmentalist groups will use the evidence from one study without checking as to whether or not it was correctly applied or inadequate - simply because the tests concluded what they wanted to hear. Schroeder said that the EPA has no concerns that diflubenzuron is carcinogenic, and that. at present, it is listed in Category E which means that all testing has produced negative results of carcinogens.

Since the use and application of pesticidal chemicals is comprehensively regulated, EPA and other agencies continually review the properties of these materials as exhibited in particular uses. The purpose of this review is to establish standards for applications of these materials to various crops and flora, to insure that no human or animal toxicity will result. EPA has not found diflubenzuron to be a carcinogen, but since the agency is routinely reviewing the properties of these and other pesticidal products in the context of registration renewal some environmentalist groups have interpreted this as means for concern.

Federal pesticide registrations and approvals can be divided into three categories as follows:

(1) Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) - allows EPA to register pesticides after conducting a risk/benefit analysis (i.e., will the pesticide perform its function without unreasonable risk to the environment);

(2) Section 408 of the Federal Food, Drug and Cosmetic Act (FFDCA) - authorizes FDA to establish "safe" residue levels for pesticides found on raw agricultural commodities and other applications. Raw agricultural commodities having residues in excess of prescribed levels are deemed "adulterated" and are subject to seizure and destruction; and

Section 409 of FFDCA - allows FDA to prescribe "safe" residue levels for "food additive" chemicals - i.e., pesticide residues found in food.

Section 409 of the FFDCA contains the controversial "Delaney Clause", which prohibits EPA from establishing a Section 409 food additive level for any substance "if it is found to induce cancer when ingested by man or animal, or if it is found, after tests which are appropriate for the evaluation of the safety of food additives, to induce cancer in man or animal."

Many pesticides and other chemicals are toxic in high concentrations; otherwise, they could not perform their functions. Some pesticide chemicals, if present in sufficient concentrations show evidence of some potentially carcinogenic effects. Read literally, the "Delaney Clause" would prohibit EPA from establishing "food additive regulations" for many agricultural pesticides. Accordingly, FDA has proposed an enforcement policy which would recognize a "de minimus" exception to the "Delaney Clause", and allow EPA to establish food additive tolerance levels where (1) carcinogenic risks are negligible, or (2) carcinogenic risks are more than negligible, but EPA decides that the benefit to the food supply outweighs potential risks. In such cases, FDA will establish appropriately low "food additive" levels, to insure that the use of these pesticides in agriculture will not cause a cancer risk to humans or animals.

In implementing this policy, EPA is in the process of identifying potential cancer risks posed by pesticides which have been registered under FIFRA and approved for certain uses. Appendix C of the attached Federal Register notice lists the pesticidal products which EPA is routinely reviewing in the context of registration renewal. Diflubenzuron is on this list for review.

EPA has divided pesticides into five kinds for purposes of assessing cancer risks: Group A (known carcinogens), Group B (probable human carcinogens), Group C (possible human carcinogens), Group D (carcinogenity not capable of assessment), Group E (non-carcinogenic). Appendix B of the attached Federal Register notice lists the EPA "Food Use Pesticides With Evidence of Carcinogenity." Note that diflubenzuron does not appear on the list.

Also attached is the MSDS sheet which Uniroyal has furnished for diflubenzuron. Uniroyal correctly states that this chemical has not been found to be carcinogenic.

IV. MANUFACTURE AND IMPORTATION

Diflubenzuron is not manufactured by any firm in the United States. Uniroyal Chemical is the only importer for purposes of regulating pesticide growth. Uniroyal imports both the Tech grade and finished product. The Tech grade is formulated into finished products at plants in Gastonia, North Carolina and Fresno, California. Another firm, American Cyanamid also imports diflubenzuron for purposes of animal healthcare.

While there are other products that may be considered competitive, these are insecticides with very different modes of action and are therefore not considered competitive.

There is one other competitive product on the market that is used in the U.S. mushroom market only. Under the trade name "APEX", the product is marketed by Sandoz/Zoecon. Although "APEX" is not the same chemical as diflubenzuron, there was some confusion on this point when duty suspension for diflubenzuron was considered during the last Congressional session. Last year, a bill to suspend the duty on diflubenzuron (H.R.1926) passed the House of Representatives without controversy, but did not pass the Senate because of a Sandoz/Zoecon claim that its product was directly competitive. On July 27, 1990 Sandoz Crop Protection wrote a letter to withdraw its opposition to duty suspension for diflubenzuron, but the letter did not arrive in time to get the bill in the "mini-trade" miscellaneous tariff package. A copy of the Sandoz letter stating that the company has no objection to duty suspension for diflubenzuron is attached.

V. COST/SAVINGS

DIMILIN is a high cost product with a high duty rate. It is not imported in great quantities since its use is selective although very important. Approximately 46,000 lbs. of Tech grade and 182,000 lbs. of 25% were imported into the United States in 1989 for a total value of $3,295,168.00. The duty was approximately $377,315.00 on these products. In 1990, Uniroyal imported approximately 311,025 lbs. of Tech grade and 25% diflubenzuron, having a value of $3,405,192.00. The duty on 1990 imports was approximately $340,830.00. The savings resulting from a duty suspension on the tariff on diflubenzuron could be passed on to consumers.

IV. CONCLUSION

There are no U. S. manufacturers of these products. Consequently, the enactment of a temporary duty suspension will not cause injury to United States manufacturers or other United States business interests. The product is environmentally safe and is important for agriculture and society. A temporary duty suspension will have a minimal revenue impact and may help encourage its further use in other applications.

For the foregoing reasons, we respectfully submit that H.R. 1619 should be passed.

INTERNATIONAL BUSINESS-
GOVERNMENT COUNSELLORS, INC.
818 Connecticut Avenue, NW
12th Floor
Washington, D.C. 20006
(202) 872-8181

By: James Clawson
JAMES B. CLAWSON

AUG 16 '90 15:52 IND TRADE - US DOC

Kelly - Uniroyal

SANDOZ CROP PROTECTION

Sandoz Crop Protection Corporation
Corporate Headquarters
1300 East Touhy Avenue
Des Plaines, Illinois 60018
708.699.1616

RECEIVED
JUL 31 1990
SUBCOMMITTEE ON TRADE

COMMITTEE ON WAYS AND MEANS
RECEIVED
JUL 31 1990

RECEIVED
JUL 31 1990
SUBCOMMITTEE ON TRADE

July 27, 1990

Robert Leonard
Chief Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

This is to inform you that Sandos Crop Protection Corporation has agreed to withdraw its objection to a temporary duty suspension on diflubenzuron (as requested by Uniroyal) and that Uniroyal has agreed not to object to Sandos Crop Protection's request for a tariff suspension of trifluromethylaniline (TFMA), a raw material which our company must import from France, as it is not manufactured in the United States.

This request for duty suspension on TFMA is included in HR 1442.

Sincerely,

Susan Kelly

Susan Croce Kelly
Director, Corporate Affairs

SCK/skh

cc: Dale Miller
Tracy Haller

SANDOZCROP PROTECTION

Sandoz Crop Protection Corporation
Corporate Headquarters
1300 East Touhy Avenue
Des Plaines, Illinois 60018
708.699.1616

July 27, 1990

The Honorable Lloyd Bentsen
United States Senate
703 Hart Senate Office Building
Washington, DC 20510

Dear Senator Bentsen:

This is to inform you that Sandoz Crop Protection Corporation has agreed to withdraw its objection to a temporary duty suspension on diflubenzuron (as requested by Uniroyal) and that Uniroyal has agreed not to object to Sandoz Crop Protection's request for a tariff suspension of trifluromethylaniline (TFMA), a raw material which our company must import from France, as it is not manufactured in the United States.

This request for duty suspension on TFMA is included in HR 1442.

Sincerely,
Susan Kelly skh
Susan Croce Kelly
Director, Corporate Affairs

SCK/skh

cc: Dale Miller
Tracy Haller

H.R. 1620

To suspend temporarily the duty on synthetic staple fibers containing 84 percent or more by weight of vinyl chloride and 14 percent or more by weight of vinyl acetate

---

Statement of

ELLEN DULLMEYER FOX
Manager, Business Planning
THE DEXTER CORPORATION
Dexter Nonwovens Division

in connection with

H.R. 1620

To Suspend Temporarily the Duty
on Synthetic Staple Fibers Containing
84 Percent or More By Weight of Vinyl Chloride
and 14 Percent or More By Weight of Vinyl Acetate

Summary

Synthetic fibers of vinyl chloride (at least 84 percent) and vinyl acetate (at least 14 percent), described by the generic name as vinyon fibers, are sold in the U.S. under the trade name MP Fibre®. Vinyon fibers are used in the manufacture of specialty paper and nonwoven products, because they have unique properties that make them particularly well-suited for the manufacture of products to be used in applications requiring heat sealability over a range of temperatures, resistance to acids or alkalis, or insolubility in gasoline, oils or alcohols. Hoechst Celanese, the sole U.S. domestic producer of vinyon, discontinued manufacturing it in 1989. As a result, the only available source of these fibers now is Wacker-Chemie GmbH, located in Burghausen, Germany.

When imported, vinyon is currently dutiable at a column 1 rate of duty of 4.9 percent ad valorem under HTSUS subheading 5503.90.00 (Synthetic staple fibers, not carded, combed or otherwise processed for spinning, other than of: nylon or other polyamides; polyesters, acrylic or modacrylic; or polypropylene).

The current duty on MP Fibre® increases the cost of manufacturing products made with its use, many of which were specifically developed to exploit its unique characteristics, and ultimately the cost of such products to consumers. This increased cost advantages no U.S. industry. Therefore, suspension of the duty -- which would not adversely affect the competitive position of any U.S. manufacturer -- is desirable and appropriate.

® "MP Fibre" is a Trademark of Wacker-Chemie GmbH.

Specialty Papers & Nonwovens

Specialty papers and nonwoven fabrics emerged from the textile and paper industries into a separate industry in the early 1900's. These products can mirror the appearance, texture and strength of either woven fabrics or papers and share some of the characteristics of each.

Specialty papers and nonwoven fabrics are sheets or webs that are made without the use of a weaving process from natural and/or synthetic fibers, molten plastic, or plastic film. They are broadly defined as sheets or web structures made by bonding or entangling fibers or filaments by mechanical, thermal or chemical means. Specialty papers and nonwovens have unique properties, *i.e.*, barrier, heatseal, strength, release, etc., which are imparted during the manufacturing process.

Specialty papers and nonwovens are made by many different processes. All have three general steps: web forming, web bonding and fabric finishing. Each of these steps in turn can be accomplished by a variety of methods. By combining the methods and by choosing from an array of natural and synthetic fibers, specialty papers and nonwoven fabrics can be designed with properties tailored to specific applications. Individual grades of specialty papers and nonwoven fabrics are found in applications as diverse as tea bags, meat casings, cigarette filters, battery separators, vacuum bags, disposable medical products (*e.g.*, hospital gowns and surgical sheets and masks), wall coverings, and a broad range of filteration media.

What Vinyon Is

Wacker MP Fibre®, commonly referred to as vinyon, is a man-made thermoplastic fiber. It is a co-polymer of vinyl chloride (85 percent) and vinyl acetate (15 percent). It meets the FTC definition for the generic name "vinyon": "a manufactured fiber in which the fiber-forming substance is any long chain synthetic polymer composed of at least 85% by weight of vinyl chloride units ($-CH_2CHCl-$)." 16 C.F.R. § 303.7(n)(1990). A co-polymer is a long chain molecule made from at least two reactive monomers, in this case vinyl chloride and vinyl acetate.

MP Fibre® has a low softening point and outstanding heat welding characteristics. It is chemically represented as $-(CH_2CHClCH_2CHCl-CH_2CH(OCOCH_3)CH_2CHCl)-$.

How It Is Manufactured

The chemical bonding (or polymerization) of vinyon is effected by heating vinyl chloride and vinyl acetate. The Wacker MP Fibre® uses proportions of 85 percent vinyl chloride and 15 percent vinyl acetate. The resultant co-polymer is dissolved in a solvent, such as acetone. The dissolved co-polymer is filtered, and then extruded through fine apertures by the pressure of a pump. The resulting filaments emerge into a counter-current of warm air which evaporates the solvent so that the filaments solidify and can be wound. It is then oriented by stretching. Finally, the filaments are cut to specific length, making staple fibers.

Unique Properties of Vinyon

In the production of synthetic paper with MP Fibre® as a binder, the MP Fibre® is fibrillated (that is, its ends are split) so that it may bond mechanically with the fiber mat. When heat and pressure are applied after drying through hot pressing and/or calendering, final thermoplastic bonding of the paper results. The strength of the paper increases with increasing amounts of the MP Fibre®.

The unique characteristic of vinyon staple fiber is that it does not have a specific melting point. Thermoplastic or heatsealable fibers only bond when they reach their melting point. Vinyon is unique among thermoplastic fibers in that it will bond to other fibers over a temperature range of 50 degrees Celsius (90 degrees Fahrenheit) or more. Additionally, vinyon does not change from a solid phase to a liquid phase as it melts, rather it softens and becomes tacky. This hot tack characteristic enables vinyon to fuse even at high temperatures when other thermoplastic fibers have turned to liquids, and will not bond until they return to a solid state. There are no other products that will perform the same functions as vinyon fibers, i.e., bond over a range of temperatures.

How Vinyon Is Used

The production of specialty papers and nonwovens requires the use of special kinds of fibers. Wacker MP Fibre®'s unique characteristics make it particularly useful as such a fiber, in certain applications. Its principal use is for web bonding and heat-sealing in specialty papers. Specific specialty paper/nonwovens products which use vinyon include heatsealable tea bag paper, alkaline battery separator medium and medical face mask coverstock.

Because of its special thermal properties, MP Fibre® is particularly useful as a bonding agent. It is superior to most synthetic fibers in the strength of the bond formed, because it forms mechanical and thermal bonds.

In addition, MP Fibre® is used in some applications because of its unique heatsealability characteristics. In certain applications (i.e., use by food and medical converters), papers and nonwovens manufactured with its use are bonded by consumers by applying heat and pressure to the specialty paper. For example, tea packers will purchase rolls of heatsealable tea bag paper which contains quantities of vinyon fibers. The tea packing machines apply heat to the edges of the tea bag design after depositing a quantity of tea leaves. The use of vinyon fiber in tea bag paper enables an instantaneous fusing of the tea bag papers wherever heat and pressure are applied. Additionally, the vinyon-containing material will fuse over a range of temperatures. Because each manufacturer's brand of tea packing machinery can operate most efficiently at different heatsealing temperatures, the use of MP Fibre® as a bonding material provides the flexibility to optimize efficiencies.

Moreover, because of the exceptional water resistance of vinyon, its excellent resistance to acids and alkalis, and its insolubility in gasoline, mineral oils, alcohols and glycols, papers and fiber mats containing a high proportion of the fiber are being used for a wide range of filter applications.

Other uses of MP Fibre® are in the manufacture of papers used in electrical engineering and for packaging, including food packaging since MP Fibre® is both odorless and tasteless and, moreover, does not absorb the flavor or odor of the packaged goods. Furthermore, MP Fibre® is used in automotive applications.

Duty Suspension Bill

The bill provides for the temporary suspension of duties in "synthetic staple fibers containing 84 percent or more by weight or vinyl chloride and 14 percent or more by weight of vinyl acetate." This formulation is intended to allow a tolerance of plus or minus one percent from the standard 85 percent vinyl chloride, 15 percent vinyl acetate formulation of MP Fibre®. Content is determined by the x-ray fluorescent analytical ("RFA") method.

The bill would incorporate the suspension in a new subheading, 9902.55.03, that would be added to Chapter 99, Subchapter 2 of of the Harmonized Tariff Schedule of the United States.

EXHIBIT 1

Hoechst Celanese

Textile Fibers Group
Hoechst Celanese Corporation
PO Box 32414
Charlotte, NC 28232-2414
704 554 2000

November 20, 1990
DJM-90-132

Howard McCormick
Dexter Nonwovens
Two Elm Street
Windsor Locks, CT 06096

Dear Howard:

This letter is to confirm that Hoechst Celanese discontinued manufacturing vinyon fiber in September of 1989. Since that date, we have not produced any of this fiber and, to our knowledge, no one else in the USA is manufacturing this product. Wacker Chemie of Munich is manufacturing this product for sale in the USA.

Very truly yours,

Dave McKinnon

David McKinnon

ems

c: Helen Ruseski - Wacker Chemie

Hoechst

H.R. 1621

To temporarily suspend the duty on certain lead fuel test assemblies

Statement
By
Robert B. Hoffman
Vice President
ABB Atom, Inc.
Windsor, Connecticut

In Support of H.R. 1621
Before The Subcommittee of Trade
Committee On Ways And Means
June 12, 1991

H.R. 1621

To temporarily suspend the duty on certain lead fuel test assemblies.

I. Introduction.

ABB Atom, Inc. ("ABB"), headquartered in Windsor, Connecticut, is an engineering and marketing company providing engineering, testing and assembly services in the U.S. in the nuclear fuel area. ABB's parent company, ABB Atom Inc., of Vasteras, Sweden, produces nuclear fuel rods and assemblies for power plants around the world. ABB is currently importing the fuel assemblies into the U.S. for testing programs with several U.S. utilities.

We submit this statement in support of H.R. 1621, which would suspend temporarily the duty on imports of the nuclear fuel assemblies for test purposes, thus redressing an inequitable situation.

II. Statement of Facts and Need For Legislation.

ABB is currently importing Lead Fuel Test Assemblies ("LTAs") into the U.S. for testing by several U.S. utilities. LTAs are test nuclear fuel bundles that constitute the energy source for nuclear power plants. Present law permits articles imported for testing to be entered into the U.S. free of customs duties, under bond, provided the article is exported or destroyed within three years. Unfortunately, ABB's LTAs do not qualify under this provision because the test program for its LTAs requires four-to-six years, to coincide with the life cycle of nuclear fuel rods in nuclear power plants.

ABB's LTA imports are solely for test purposes to enable each utility to ascertain how the fuel rods will perform in its reactor. The LTA imports do not represent commercial transactions since they are being imported in test quantities significantly less than the quantities in normal commercial transactions, solely to determine their performance in the reactors. The tests consist in irradiation of the LTA bundles, testing with various flows and power levels, annual removal of each LTA bundle for inspection, and extensive post-irradiation exams at the conclusion of the life-cycle, including gas analysis, pellet and cladding metallographic examination, chemical analysis and scanning electron microscopy.

Except for the three-year limit, ABB's LTAs, as non-commercial imports for test purposes, meet the duty-free test import provision in all respects. The legislation would permit the importation of the LTAs with the same benefits that accrue to other products and materials imported for testing which can meet the three-year limitation.

III. U.S. Benefits of the Test Program.

Extensive use of ABB's fuel assemblies in European reactors has shown that they yield three major benefits to industry and consumers, in terms of reliability, increased operational limits to meet peak load electricity requirements, and reduced costs. The thrust of ABB's test program is to demonstrate that these same benefits will inure to U.S. utilities and consumers.

If the tests proceed satisfactorily, ABB will begin producing its fuel assemblies in commercial quantities in the U.S. Doing so would create employment opportunities and generate economic activity in a number of states, including Oregon, California, Washington, Missouri and Connecticut. ABB is proceeding with this plan despite the rigidity of the three-year testing period, with the hope that H.R. 1621 will be enacted as a matter of fairness.

IV. Conclusion.

Enactment of H.R. 1621 will correct an inequitable situation for ABB as a result of the unusual duration of the fuel assembly testing program, foster benefits for the U.S., and is in accordance with U.S. trade policy.

We respectfully urge favorable consideration of H.R. 1621.

H.R. 1630

To suspend temporarily the duty on Ethyl Carbamate

No comments submitted.

H.R. 1631

A bill to amend the Harmonized Tariff Schedule of the United States to clarify the classification of linear alkylbenzene sulfonic acid

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[BY PERMISSION OF THE CHAIRMAN:]

ROYAL NORWEGIAN EMBASSY
2720 – 34th Street, N.W.
Washington, D.C. 20008

The Ambassador

11 June 1991

The Honorable Sam Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
Washington, D.C.

Dear Mr. Chairman:

I refer to the announcement dated 14 May 1991 whereby you invite written comments on certain tariff and trade bills before the 102nd Congress. My comment, on behalf of the Government of Norway, relates to H.R. 1631 and its proposed tariff reclassification of linear alkylbenzene sulphonic acid.

Norway is opposed to this measure which is intended to radically increase duties and which will harm Norwegian/U.S. trade.

The product in question is exported from Norway i.a. to the United States where it presently is faced with a duty of 7.2%. Total imports of this substance is reportedly less than 1 % of the production and consumption in the U.S.

A Norwegian exporter has found a niche in the U.S. market for limited amounts of drummed product, despite the competitive disadvantage of the 7.2 % duty. An eventual increase to 3.7 cents per kilogram + 15.9 % would clearly amount to an effective and unfair exclusion of the Norwegian producer, thereby also limiting competition in the import market.

The present duty rate of the U.S. Harmonized Tariff Schedule subheading 3402.11.10 covering linear alkylbenzene sulphonic acid - 7.2 % - is bound in the GATT under U.S. Schedule XX, G/HS/88. This means that the GATT procedure must be followed before any duty increase can take place (i.e. notification to the GATT and negotiations with interested Contracting Parties who may request compensation). H.R. 1631 seems to disregard this procedure.

Also, following the conversion to the HTS in 1989, another part of Norway's export to the United States was faced with increased customs duty, namely smoked salmon. The duty rate of TSUS 112.18 Salmon, prepared or preserved in any manner - was as a result of the Tokyo round bound to 3 %, however, it was increased to 5 % in connection with the HTS conversion. Having raised the question with the Administration, we were advised that because of the balance achieved in the conversion - overall, bilaterally and by sector - the HTS implementing legislation did not give the President authority to modify duty rates and that it would undermine the neutrality of the conversion.

I wish to point out that an increase of duty on linear alkylbenzene sulphonic acid appears to be an analogous case which would obviously undermine the stated neutrality of the HTS conversion.

A particular concern of Norway which is so dependent on an open trading system is that any measure to increase tariffs would contradict the standstill commitment made in connection with the launching of the current multilateral trade negotiations in the GATT Uruguay-round. Norway and the United States have within the Round and otherwise worked well together to increase global market access and reduce tariffs and non-tariff barriers to trade. Any new measures with the opposite intention would at this stage naturally be regarded as highly regrettable and undermining the common effort at market liberalization.

Finally, we strongly regret the fact that apparently only imports from Norway and no other country would be materially hurt by the proposed measure, which further adds to the impression of Norway being unilaterally excluded by means of H.R. 1631.

In light of the above, I ask the Subcommittee to oppose enactment of H.R. 1631. I would appreciate it if this letter could be made part of the printed documentation before the U.S. House of Representatives in this matter.

Yours sincerely,

Kjeld Vibe
Ambassador of Norway

cc: The Honorable Dan Rostenkowski
Chairman
Committee on Ways and Means
U.S. House of Representatives

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives

Stepan

Stepan Company

Northfield, Illinois 60093
Telephone 708 446 7500

June 11, 1991

Mr. Robert Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Dear Mr. Leonard:

I am writing to you as a manufacturer of linear alkylene acid (LAS) to indicate our support for legislation which would establish the proper duty rate for LAS. During the change from the TSUS system to the harmonized system of tariffs, LAS was incorrectly placed in HS 3402.11.10 at a significantly reduced tariff. Documents prepared by the ITC indicate that LAS should have been classified in HS 2904.10.30. To correct this mistake, we would ask the committee to establish an eight digit break-out under #S 3402.11.10 for LAS and establish the same duty rate LAS had under the TSUS; i.e., 1.7 cents per pound plus 15.9 percent with no GSP eligibility. In this way, we will be able to remain competitive in the world market for LAS.

Sincerely,

Jeffrey W. Bartlett
Vice President, Secretary
and General Counsel

JWB/sw

Vista Chemical Company

900 Threadneedle
Houston, Texas 77079
(713) 588-3210

P.O. Box 19029
Houston, Texas 77224
Fax (713) 588-3119

Mike Reynolds
Manager, Public Affairs

VISTA

June 12, 1991

The Honorable Sam M. Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
2204 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Gibbons:

Vista Chemical Company would like to take this opportunity to express our support for H.R. 1631, introduced by Congressman Ray McGrath, to clarify the classification of linear alkylbenzene sulfonic acid (LAS).

Vista Chemical is a major U.S. producer of commodity and specialty chemicals, located in Houston, Texas. Vista produces a number of surfactants, including LAS, which are used in household and industrial cleaning products.

H.R. 1631 is an important measure which is necessary to correct an inadvertent tariff classification change for LAS brought about by the conversion to the Harmonized system followed by a Customs ruling. This combination resulted in a dramatic tariff change for LAS. Under TSUS, the duty on LAS was more than 15%, while now under the Harmonized System, it has dropped to 7.2%, and is also eligible for duty-free treatment under the GSP program.

We have already witnessed an increase in imports of LAS, and this trend is expected to continue as overseas LAS producers gear up for this unexpected windfall.

Passage of H.R. 1631 is essential if we are to prevent serious injury to U.S. producers of LAS. We therefore urge the Subcommittee on Trade to approve Congressman McGrath's bill.

Sincerely,

Mike Reynolds

Mike Reynolds
Manager, Public Affairs

Witco

Organics Division

Witco Corporation, 520 Madison Avenue, New York, NY 10022-4236 Telephone 212-605-3800

June 12, 1991

The Honorable Sam M. Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
2204 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Gibbons:

On behalf of Witco Corporation, I wish to register our strong support for Congressman Ray McGrath's bill, H.R. 1631, to clarify the tariff classification of linear alkylbenzene sulfonic acid (LAS).

LAS is a surface-active agent used in household and industrial detergents and other cleaning agents. Witco Corporation is a producer of LAS headquartered in New York City.

This legislation is vital for U.S. LAS producers. Despite the best efforts of the U.S. to achieve a smooth tariff-neutral conversion, the Harmonized System conversion ultimately produced a serious tariff change for LAS -- from more than 15% under TSUS to 7.2% under the Harmonized System. This result was not immediately apparent, however, since the HS conversion documents appeared to maintain the appropriate tariff for LAS.

The tariff classification problem faced by U.S. LAS producers today occurred in the following way:

- Under TSUS, LAS was classified under 403.12 (other cyclic organic chemical products in any physical form having a benzenoid, quinoid, or modified benzenoid structure). This carried a duty of 1.7¢ per lb. + 15.9% ad val.
- In the Harmonized System conversion document prepared by the ITC, TSUS 403.12 corresponded to HS 2904.10.30, with a duty of 3.7¢/kg + 15.9%.
- However, contrary to what the conversion document showed, a Customs classification ruling in August 1989 indicated that under the rules of the Harmonized System, LAS clearly belongs under HS 3402.11.10, which carries a duty of 7.2% and is eligible for GSP treatment.

What this means then for U.S. LAS producers is a drastic tariff reduction for LAS imports which threatens to seriously harm the domestic LAS industry. And this occurred without a conscious policy decision by any agency of the U.S. government or Congress that this is a desirable end.
Clearly, the conversion to the Harmonized System was not intended to significantly alter the tariff treatment of a product. While it is understandable how this could occur with the very dissimilar structures of the TSUS and the Harmonized System, where benzenoid chemicals are organized in entirely different ways, this classification error must be corrected.

H.R. 1631 would establish an 8-digit break-out under HS 3402.11.10 for LAS, with the same tariff rate it had under TSUS (1.7¢ per lb + 15.9% with no GSP eligibility). This would assure a tariff-neutral conversion for LAS and avoid serious injury to domestic LAS producers.

Sincerely,

L.B. Moss

Lawrence B. Moss
Vice President
Business Manager
Industrial Surfactants

H.R. 1632

To suspend temporarily the duties on Cyclohexane, 1,1-bis(1-methylethoxy)-; Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-, ethyl ester; and 2-Acetylbenzo(b)thiophene

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STATEMENT ON BEHALF OF ABBOTT LABORATORIES IN FAVOR OF ENACTMENT OF H.R. 1632

Submitted by:

BARNES, RICHARDSON & COLBURN
1819 H Street, N.W.
Washington, D.C. 20006
(202) 457-0300

Matthew T. McGrath
Peter A. Martin
Counsel

The following statement is submitted in response to the request for written testimony on miscellaneous tariff and trade bills released by the Subcommittee on Trade, Committee on Ways and Means (Subcommittee on Trade #6 dated May 14, 1991). The statement is provided on behalf of Abbott Laboratories in support of enactment of H.R. 1632, a bill to provide temporary duty suspensions for the pharmaceutical products known as: Cyclohexane, 1,1-bis(1-methylethoxy)-; Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-,ethyl ester; and 2-Acetylbenzo(b)thiophene.

I. Background

A. Abbott Laboratories

Abbott Laboratories is a leading provider of high-quality health-care products in the United States and world-wide. The company employs nearly 41,000 people with net sales in excess of $6.158 billion in 1990. Abbott is based in Abbott Park, Illinois and is one of the largest single employers and source of tax revenue both locally and regionally.

The introduction of important new pharmaceuticals accounts for a vital portion of Abbott's growth in both sales and earnings. Three such pharmaceutical products are Cyclohexane, 1,1-bis(1-methylethoxy)-; Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-,ethyl ester ; and 2-Acetylbenzo(b)thiophene.

B. The Products

1. Cyclohexane, 1,1-bis(1-methylethoxy)-

Cyclohexane, 1,1-bis(1-methylethoxy)- is a chemical intermediate used in the manufacture of a pharmaceutical product that will be sold as a macrolide antibiotic. The pharmaceutical is covered by the generic name Clarithromycin and is designed for use in the treatment of certain types of bacterial infections. This substance is classified under subheading 2911.00.0000 of the Harmonized Tariff Schedules of the United States Annotated, dutiable at the column one, most-favored-nation rate.

There is a technical error in H.R. 1632. In the current version of H.R. 1632, the chemical Cyclohexane, 1,1-bis(1-methylethoxy)- is listed as being classified under subheading 2909.19.1000 of the Harmonized Tariff Schedules of the United

States Annotated (HTSUSA). Subsequent to the introduction of H.R. 1632, the U.S. Customs Service ruled that Cyclohexane is classified under subheading 2911.00.0000, HTSUSA. This error should be corrected by altering H.R. 1632 to indicate that Cyclohexane is classified under subheading 2911.00.0000, HTSUSA.

2. Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-,ethyl ester

Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-, ethyl ester ("Benzenepropanoic acid") is a chemical intermediate used in the manufacture of a pharmaceutical product that will be sold as a trifluorinated quinolone antibacterial. The pharmaceutical is covered by the generic name Temafloxacin and is designed to treat certain infections. Benzenepropanoic acid is a chemical for which there is no exact equal manufactured in the United States. This substance is classified under subheading 2918.30.2000 of the Harmonized Tariff Schedules of the United States Annotated, dutiable at the column one, most-favored-nation rate.

3. 2-Acetylbenzo(b)thiophene

2-Acetylbenzo(b)thiophene is a chemical intermediate used in the manufacture of a pharmaceutical product that will be sold as a derivitized benzothiophene anti-inflammatory. The pharmaceutical is covered by the generic name Zileuton and is designed for use in the treatment of lipoxygenase inflammation accompanying asthma, rheumatoid arthritis and ulcerative colitis. 2-Acetylbenzo(b) thiophene is a chemical for which there is no exact equal manufactured in the United States. This substance is classified under subheading 2934.90.4000 of the Harmonized Tariff Schedules of the United States Annotated, dutiable at the column one, most-favored-nation rate.

II. Benefits of Duty Suspension

1. Cyclohexane, 1,1-bis(1-methylethoxy)-

Duty suspension is warranted by the health care benefits attained by using Cyclohexane, 1,1-bis(1-methylethoxy)- to manufacture Clarithromycin. It is the only Cyclohexane, 1,1-bis(1-methylethoxy)- used in a macrolide antibiotic. A process patent application is now pending in the United States.

Clarithromycin is a broad spectrum antibiotic with the potential to become a new first-line therapy in the treatment of community-acquired respiratory infections. This oral antibiotic represents the latest innovation in a class of compounds known as macrolides. Because of the drug's broad spectrum, physicians will be able to prescribe Clarithromycin with confidence, knowing that it will cover most of the likely causes of community-acquired respiratory infections.

Clarithromycin is a second generation macrolide antibiotic. It is the first compound to improve upon the spectrum and potency of the reference standard for the macrolide class, erythromycin. Macrolides, as a class, are the subject of increased interest by the medical community because of their activity against pathogens of increasing clinical importance, such as Legionella, Mycoplasma and chlamydia pneumonia. These pathogens are the cause of several types of respiratory infections, some severe, but are not typically eradicated by other antibiotics.

The company is currently seeking approval from the Food and Drug Administration to market Clarithromycin in the United States for the following clinical indications:

- lower respiratory tract infections, including bronchitis and pneumonia;
- upper respiratory tract infections, including pharyngitis and sinusitis; and
- skin and soft tissue infections.

In more than 5,500 patients worldwide, Clarithromycin demonstrated ninety percent or higher proven clinical cure rates against each of these indications.

In laboratory and clinical studies, Clarithromycin has demonstrated the following properties:

- when compared to earlier macrolides, Clarithromycin has been shown to be twice as potent against hemophilus influenza, an organism estimated to cause up to on-third of upper and lower respiratory tract infections;
- excellent stability in the acidic environment of the stomach, resulting in improved absorption with higher levels of antibiotic in the blood and tissues than earlier macrolides; and
- a well-tolerated safety profile with less than one percent of patients discontinuing therapy because of adverse events.

2. Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-,ethyl ester

Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-, ethyl ester is a chemical intermediate used to produce an antibiotic known as Temafloxacin. Duty suspension is warranted by the health care benefits of Benzenepropanoic acid. It is the only Benzenepropanoic acid used in a trifluorinated quinolone class antibacterial. A process patent application is now pending in the United States.

Temafloxacin represents a fundamental advance in the treatment of a wide range of serious infections. This product, which was discovered and developed by Abbott Laboratories, is the latest addition to the rapidly growing quinolone class of drugs. At present, only two quinolones are approved for marketing in the United States.

Quinolones, instead of attacking a bacteria's defense mechanism, disrupts the DNA of the microbe itself, making it unable to reproduce and ultimately killing it. They are highly potent oral compounds, and in some cases can replace expensive intravenous treatments used in hospital settings.

Data gathered during the development of Temafloxacin indicates that this product has an excellent profile in terms of potency, spectrum and clinical effectiveness. Abbott is currently seeking approval from the Food and Drug Administration to market Temafloxacin for the following clinical indications:

- urinary tract infections;
- lower respiratory tract infections, including pneumonia and bronchitis

- prostatitis;
- sexually transmitted diseases, including gonorrhea; and
- skin and skin structure infections.

In laboratory and clinical studies, Temafloxacin has demonstrated the following properties that differentiate it from currently marketed quinolones:

- improved activity against S. pneumonia, the most common cause of community-acquired respiratory tract infections. Temafloxacin has been found to be twice as active against S. pneumonia as the current market-leading quinolone.
- better clinical results when compared to standard therapies in patients with severe, recurrent respiratory infections, such as smokers and the elderly; and
- no interaction with theophylline, a lung-clearing drug often taken by patients with respiratory problems. These patients frequently develop infections, requiring therapy with both antibiotics and theophylline.

3. 2-Acetylbenzo(b)thiophene

Duty suspension is warranted by the health care benefits of 2-Acetylbenzo(b)thiophene. It is the only 2-Acetylbenzo(b)thiophene used in a derivitized benzothiophene class anti-inflammatory. A process patent application is now pending, and this product is currently undergoing clinical testing, in the United States.

The anti-inflammatory drug that 2-Acetylbenzo(b)thiophene is used to produce is known as Zileuton. A study led by Elliot Israel of Harvard Medical School found that an entirely new class of drugs may be beneficial in patients with asthma. The new type of drug, 5-lipoxygenase inhibitor, renders patients much less sensitive to inhalation of cold, dry air -- a common trigger of asthmatic attacks. The investigational drug employed, Zileuton from Abbott Laboratories, is the first member of this class to enter clinical trials. Zileuton inhibits the first enzyme dedicated solely to synthesis of leukotrienes -- naturally occurring compounds believed to play a major role in asthma and a variety of other inflammatory diseases.

In addition to producing a significant increase in resistance to asthmatic attacks in patients receiving Zileuton, this drug has also been shown to produce improvement in the condition of patients suffering from ulcerative colitis, a severe inflammatory disease of the bowel. Other pilot studies suggest it may prove useful for relief of symptoms due to allergic rhinitis and to rheumatoid arthritis.

The development of two important new antibiotics, Clarithromycin and Temafloxacin, will put Abbott Laboratories in an excellent strategic position to compete in the worldwide antibiotic marketplace during the 1990s. The market for oral antibiotics in the United States alone was estimated at $2.5

billion in 1990. Combined with Abbott's existing erythromycin product line, Temafloxacin and Clarithromycin will establish Abbott's portfolio of oral antibiotics as one of the most complete in the pharmaceutical industry.

Abbott is constantly striving to increase the production of existing products and addition of new products such as Cyclohexane, 1,1-bis(1-methylethoxy)-; Benzenepropanoic acid, 2-chloro-4,5-difluoro-.beta.-oxo-,ethyl ester; and 2-Acetylbenzo(b)thiophene. To this end, Abbott has applied substantial resources to research and development. Abbott anticipates that the benefits from the duty suspension provided by H.R. 1632 would contribute to the company's continued economic viability and growth. In particular, the contemplated duty suspension would permit Abbott to further expand its already considerable research and development efforts in the pharmaceutical field and to expand export sales.

H.R. 1672

To extend until January 1, 1995, the existing temporary suspension of duty on umbrella frames

No comments submitted.

H.R. 1701

To extend until January 1, 1999, the existing suspension of duty on Cefixime

No comments submitted.

H.R. 1705

To extend for three years the existing suspension of duty on stuffed dolls, certain toy figures, and the skins thereof

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Alexander Doll Company, Inc.
615 WEST 131ST STREET · NEW YORK, N.Y. 10027
212 283 5900

SHOWROOM
200 FIFTH AVENUE

June 10, 1991

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Re: H.R. 1705
H.R. 2004

We are exposed to the passage of the above-referenced bills currently pending in the House of Representatives.

We are America's premier doll manufacturer of quality dolls and have been in business in New York City for more than 68 years. We are also the largest manufacturer of American made dolls (approximately 25 million), but we do not appear in any statistic as a doll manufacturer because we are too small and insignificant when compared to the larger importers of dolls.

To permit extension of H.R. 1705 and the passage of H.R. 2004 would be devasting to all U.S. doll and toy manufacturers. Union employees have declined from 25,000 to 1,700. Our orders and work force continues to decrease, especially in these economically depressed times.

These bills are before the house due to the major toy importers' i.e., Mattel, Hasbro, ability to lobby effectively for cheap imports at the expense of domestic manufacturers. Would the House consider suspending duty on Korean, Japanese and other imported automobiles?
Let us not stick it to the U.S. manufactuers. We have had all we can take.

Give the U.S. manufacturer an even playing field. Give the U.S. employee a fair chance to earn an honest wage.

Very truly yours,
Alexander Doll Company

Ira N. Smith,
Chief Executive Officer

Amalgamated, Industrial and Toy & Novelty Workers of America

LOCAL 223 – AFL-CIO

147 EAST 26th STREET • 889-8180 • NEW YORK, N. Y. 10010

June 12, 1991

Honorable Robert J. Leonard, Chief Counsel
Committee on Ways and Means
United States House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

We have learned that the Subcommittee on Trade of the House Committee on Ways and Means has invited interested parties to submit written comments on selected miscellaneous tariff and trade measures pending in the House of Representatives.

We understand that one bill - H.R. 1705 - would extend for three years existing suspension of duty on stuffed dolls, certain toy figures and skins. These are classified in subheadings 9902.95.01-02-04, under Harmonized Tariff Schedule (HTS)

The doll and toy industry, and with it our membership, has suffered immeasurable harm as a result of foreign competition by manufacturers and contractors in countries where low wages and poor working conditions have prevailed.

In addition to low wages and substandard working conditions, the suspension of duty on dolls and doll parts has been a contributing evil as far as our members are concerned.

We are therefore opposed to the extension of existing duties for three years on stuffed dolls, certain toy figures and skins.

We trust that the Subcommittee on Trade will help rectify an existing negative effect on our industry by voting against extension of duty.

Respectfully yours,

Rocco Miranti

Rocco Miranti
President

RM/rs

DAKIN, INC.
Post Office Box 7746
San Francisco, CA 94120
Tel. 415 952 1777

World Headquarters:
7000 Marina Boulevard
Brisbane, CA 94005

Fax: 415 266 4414
Telex: 278029

June 10, 1991

DAKIN

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

I am writing to you on behalf of my firm Dakin, Inc. to express our ardent support for two duty suspension bills currently pending before the U. S. House of Representatives -- H.R. 1705 and H.R. 2004.

Dakin, Inc. is a California-based international wholesaler of toys, dolls and gifts employing several hundred people here in the United States. Virtually all of our U.S. sales that support this staff are based on imports. We are therefore extremely interested in measures such as these which will continue to allow us to fulfill our goal of providing reasonably priced gifts and toys to consumers.

H.R. 1705 proposes to "extend for three years the existing suspension of duty on stuffed dolls, certain toys figures and skins thereof." This duty suspension has already been in effect for several years and would therefore result in no loss of revenue to the government through its passage. This issue is in effect completely non-controversial, as domestic production of products covered under the provision is virtually non-existent; there is nothing to "protect" through duty imposition.

H.R. 2004 proposes to "suspend temporarily the duty on non-stuffed dolls." Passage of this measure would greatly aid in alleviating the costly controversy and uncertainty currently being experienced between Customs and importers in trying to define the nebulous term "stuffed" for tariff purposes. In addition, the loss of duty revenue will certainly be greatly diminished from the purported $40 million accrued in 1990. As evidenced by trade figures from the first quarter of 1991, a large portion of the production of these items has already been shifted to countries which are utilizing their status as "developing nations" to obtain duty-free treatment aside from H.R. 2004.

As a relatively small company struggling to be competitive in today's marketplace, we must do our costings and projections well in advance. Predictability is essential to our success and survival. The impact of non-passage of these two measures on firms such as ourselves would be devastating.

We here at Dakin, Inc. urge your staunch support for passage of both of these bills.

Sincerely,

Richard J. Goeglein
President/CEO

ERTL
Subsidiary of Kidde, Inc.
KIDDE

Telephone 319-875-2000
Telex 468-533
Facsimile 319-875-8263

The Ertl Company
Highways 136 and 20
Dyersville, Iowa 52040

May 28, 1991

Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D.C. 20515

Attn: Robert J. Leonard, Chief Counsel

Re: Comments on H.R. 1705 - Extend for three years the existing suspension of duty on stuffed dolls.

Dear Sir:

The Ertl Company, Inc. is a major manufacturer of toys and model kits, located in Dyersville, Iowa. At our Dyersville facility we employ approximately 1000 people. In addition to our U.S. manufacturing facility we have a plant in Tijuana, Mexico and sales offices in Toronto, Canada, sales and warehouse facilities in Exeter, England and Milan, Italy.

We are a major importer of toys and model kits from Hong Kong, China, Taiwan, Germany, Italy, and Mexico.

We support H.R. 1705, to extend for three years the existing suspension of duty on stuffed dolls.

This year was The Ertl Company's entrance into stuffed dolls as an enhancement to our product line and it has become a very important part of our sales. In 1991, we expect our stuffed doll line to be approximately 5% of our annual sales volume, and by 1995 we expect this figure to be approximately 15%

We support H.R. 1705 because the ability to source a reputable manufacturer capable of high volume with mass production capabilities is unknown to us in the U.S. As our competition does, we have to source offshore to compete in this product line.

By extending the duty free treatment it will also allow the consumer to purchase this product at a cost that keeps us in line with our competition.

Again, we strongly urge the House of Representatives to pass H.R. 1705.

Sincerely,

Allison SHinners
Vice President, Marketing
The Ertl Company, Inc.

cc: U.S. Representative, Jim Nussle
AT/hb

SAM GEJDENSON
2D DISTRICT
CONNECTICUT

COMMITTEE ON
FOREIGN AFFAIRS
CHAIRMAN,
SUBCOMMITTEE ON INTERNATIONAL
ECONOMIC POLICY AND TRADE

COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS

COMMITTEE ON HOUSE
ADMINISTRATION

MEMBER,
DEMOCRATIC STEERING AND
POLICY COMMITTEE

MAJORITY WHIP AT-LARGE

Congress of the United States
House of Representatives
Washington, DC 20515

WASHINGTON OFFICE:
2416 Rayburn Building
Washington, DC 20515
(202) 225-2076

HOME OFFICE:
P.O. Box 2000
Norwich, CT 06360
(203) 886-0139

94 Court Street
Middletown, CT 06457
(203) 346-1123

June 10, 1991

The Honorable Sam Gibbons, Chairman
Ways and Means Subcommittee on Trade
1136 Longworth HOB
Washington, D.C. 20515-6354

Dear Mr. Chairman:

I am writing in support of H.R. 1705, the stuffed doll duty suspension bill, introduced by Rep. Matsui. The proposed extension merely continues the current duty-free treatment that has been in effect since 1982.

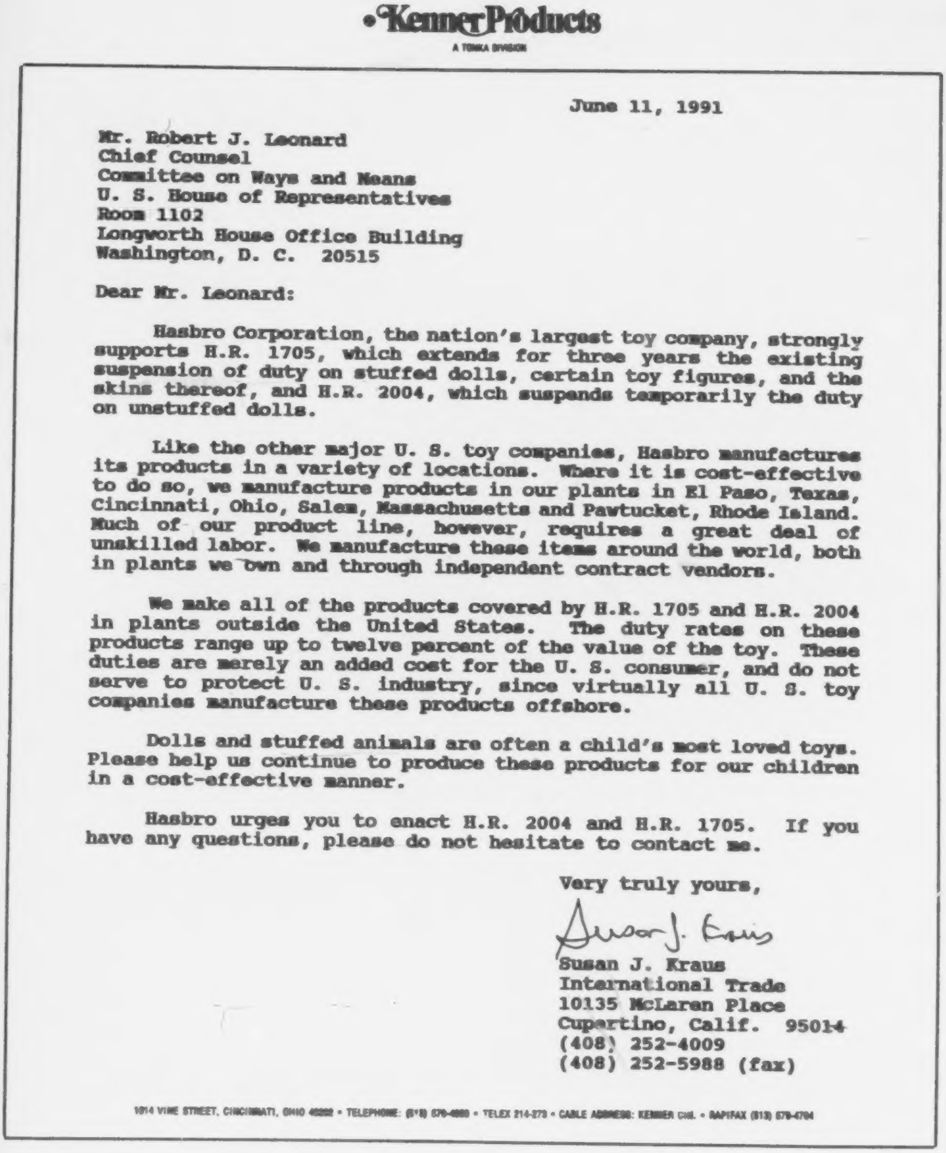
As you may know, a company located in my State of Connecticut, imports porcelain stuffed dolls for sale nationwide on a direct order basis. All of these company's dolls are sold by direct mail and do not compete directly with collectible dolls sold at retail in small exclusive shops. By renewing the existing stuffed dolly duty suspension, current levels of employment at this company would be maintained.

I appreciate your attention to this issue. With best personal regards, I remain,

Sincerely,

SAM GEJDENSON
Member of Congress

THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS



•Kenner Products
A TONKA DIVISION

June 11, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard:

Hasbro Corporation, the nation's largest toy company, strongly supports H.R. 1705, which extends for three years the existing suspension of duty on stuffed dolls, certain toy figures, and the skins thereof, and H.R. 2004, which suspends temporarily the duty on unstuffed dolls.

Like the other major U. S. toy companies, Hasbro manufactures its products in a variety of locations. Where it is cost-effective to do so, we manufacture products in our plants in El Paso, Texas, Cincinnati, Ohio, Salem, Massachusetts and Pawtucket, Rhode Island. Much of our product line, however, requires a great deal of unskilled labor. We manufacture these items around the world, both in plants we own and through independent contract vendors.

We make all of the products covered by H.R. 1705 and H.R. 2004 in plants outside the United States. The duty rates on these products range up to twelve percent of the value of the toy. These duties are merely an added cost for the U. S. consumer, and do not serve to protect U. S. industry, since virtually all U. S. toy companies manufacture these products offshore.

Dolls and stuffed animals are often a child's most loved toys. Please help us continue to produce these products for our children in a cost-effective manner.

Hasbro urges you to enact H.R. 2004 and H.R. 1705. If you have any questions, please do not hesitate to contact me.

Very truly yours,

Susan J. Kraus

Susan J. Kraus
International Trade
10135 McLaren Place
Cupertino, Calif. 95014
(408) 252-4009
(408) 252-5988 (fax)

1014 VINE STREET, CINCINNATI, OHIO 45202 • TELEPHONE: (513) 579-4000 • TELEX 214-273 • CABLE ADDRESS: KENNER Cin. • RAPIFAX (513) 579-4704

MBI, Inc. 47 Richards Avenue, Norwalk, Conn. 06857 (203) 853-2000

Danbury Mint
Easton Press
Postal Commemorative Society

April 25, 1991

Congressman Dan Rostenkowski
1102 Longworth House Office Building
Washington, D.C. 20515-6348

Dear Congressman Rostenkowski:

I am Executive Vice President of MBI, Inc., a direct marketing company located in Norwalk, Connecticut. I am writing you to seek your help in ensuring the passage of H.R. 1705, a trade bill which was introduced on April 10, 1991 by Congressman Robert T. Matsui.

My company employs more than 750 people. Porcelain stuffed dolls constitute one of our major product lines. Since the manufacture of porcelain stuffed dolls is virtually nonexistent in the United States, we purchase them in the Far East.

Favorable duty treatment has allowed our company to provide this product to our customers at a reasonable cost. The result is that our business has grown significantly over the last few years and we have been able to create many new jobs. Passage of this new legislation will help us sustain this growth.

Please keep in mind that passage of this bill will not have an adverse impact on American industry, since as noted above, there is virtually no domestic production of comparable products.

I would appreciate hearing from you regarding your position on this matter.

Very truly yours,

W. J. Strausser
Executive Vice President

WJS/jw

MBI, Inc. 47 Richards Avenue, Norwalk, Conn. 06857 (203) 853-2000

Danbury Mint
Easton Press
Postal Commemorative Society

June 11, 1991

The Honorable Sam Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Gibbons:

I am writing to express our company's support for Rep. Bob Matsui's bill, H.R. 1705, to extend the existing suspension of duty on stuffed dolls for three years.

MBI, Inc. imports and sources domestically collectible and ornamental objects which are then sold through nationally distributed magazines and mailings on a direct-order basis. Porcelain stuffed dolls are one of MBI's major product lines. Many people are familiar with our line of fine porcelain stuffed dolls, designed to reflect a particular historical era, geographic area or a similar theme. MBI's dolls appeal to those interested in purchasing moderately priced collectible dolls through the mail.

H.R. 1705 is a noncontroversial extension of a duty that has been suspended since 1982 and there is widespread support for this legislation from the U.S. toy industry. Since it has not proven to be economically feasible to produce these dolls in the U.S., domestic manufacturers have imported stuffed dolls for resale and thereby strengthened their competitive position in the U.S. market. They are then able to offer consumers a broader range of products at affordable prices.

As Congress has recognized, an extension of duty free treatment for stuffed dolls will not adversely impact a U.S. industry since there is virtually no domestic production of comparable products. On the other hand, failure to renew the duty suspension would indeed prove a hardship to U.S. toy manufacturers, companies like MBI, and U.S. consumers. There would be a very definite and direct cost increase, with no offsetting advantages to justify these additional costs.

For MBI, who currently employs more than 750 people, porcelain stuffed dolls remain a very important part of our business. The failure to renew the duty suspension on stuffed dolls would negatively affect our ability to sustain existing employment levels.

We therefore urge this Committee once again to extend the duty suspension for stuffed dolls. MBI would be pleased to provide the Committee with any additional information which you would find helpful. Thank you for your consideration of our comments.

Sincerely,

W. J. Strausser
Executive Vice President

WJS/11

ORIGINAL APPALACHIAN
ARTWORKS

June 5, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Bldg.
Washington, D.C. 20515

RE: Support For Passage Of H.R. 1705 (Extension of Duty Suspension For Stuffed Dolls)

Dear Mr. Leonard:

This letter is in response to the Ways and Means Committee's May 14, 1991, request (Subcommittee on Trade #6) for written comments on certain tariff bills that have been referred to the Committee. I wish to express the strong support of Original Appalachian Artworks for the passage of H.R. 1705, sponsored by Rep. Matsui, which would extend for three years the existing duty suspension of stuffed dolls, certain toy figures, and the skins thereof.

Our company was originated by Xavier Roberts, creator of Cabbage Patch Kids. Although Original Appalachian Artworks still produces hand-made Cabbage Patch Kids in Cleveland, Georgia, the rights to commercially produce and market Cabbage Patch Kids for the mass market have been licensed to Hasbro, Inc. Hasbro has contracted for the production of these dolls abroad for importation into the United States.

The 12 percent duty on stuffed dolls has been suspended by means of temporary legislation since 1983. That legislation was renewed last year, but only through December 31, 1992.

No U.S. manufacturer produces the toy products covered by the duty suspension, and the provision has never been controversial. Prompt passage of the bill will allow Original Appalachian Artworks to make its future business plans with the assurance that the suspension will be in place at least through the end of 1995.

Sincerely,

ORIGINAL APPALACHIAN ARTWORKS, INC.

Della H. Tolhurst

Della H. Tolhurst
President

P.O. Box 714 Cleveland, GA 30528 404-865-2171 Telex: 312293 Fax: 404-865-5862

Serko & Simon
Counsellors at Law
Customs & International Trade Law

One World Trade Center . Suite 3371
New York, N. Y. 10048 . 212-775-0055
Telex: 426116 Trade   Cable: Trade Attys
Facsimile: 212-839-9003

Branch Offices:

Washington, D.C.
Atlanta, Georgia
Old San Juan, P.R.
Taipei, Taiwan

New York - June 11, 1991

Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Bldg.
Washington, D.C. 20515

Attention: Robert J. Leonard, Esq.
Chief Counsel

Re: Comments on H.R. 1705 to Extend the Existing Suspension of Duty on Stuffed Dolls and Toy Figures

Dear Mr. Leonard:

On behalf of our client, Russ Berrie & Company, Inc. (Russ Berrie) of Oakland, New Jersey, we are writing in support of H.R. 1705 introduced by Congressman Robert T. Matsui. This bill would extend for three years the existing duty suspension for stuffed dolls, certain toy figures and the skins thereof.

Russ Berrie & Company, Inc. designs and markets a vast selection of impulse gifts to retail stores in the United States and many countries throughout the world. The Company's extensive line of over 10,000 products encompasses both everyday and seasonal gift items, including stuffed animals, ceramic mugs, porcelain gifts, picture frames, gift bags, greeting cards, figurines, keyrings, magnets, school and stationery merchandise, trolls, collectible dolls and National Football League and Major League Baseball merchandise. These popularly priced products are manufactured for the Company by independent contractors.

The Company employs approximately 2600 men and women worldwide, including a house sales force that numbered more than 800 at the beginning of 1991. A diverse customer base includes more than 100,000 retail outlets such as card and gift stores, florists, pharmacies, party shops and stationery stores, as well as hotel, airport and hospital gift shops. Six distribution centers in the United States in Oakland, NJ, Cranbury, NJ, Marietta, GA, Grand Prairie, TX, Petaluma, CA, and Reynoldsburg, OH, plus one in Canada and another in England, provide strategically located regional facilities to serve customers.

Russ Berrie had 400 employees in this country in 1980 and sales exceeded $34,440,000. The net sales for the year ending December 31, 1990 was $250,579,000. They believe that price stability is important for future growth and profitability.

In times of reduced value of the U.S. dollar, Russ Berrie has found that the prices of many of the products it has purchased, have increased greatly.

H.R. 1705 would extend the current suspension of duties for stuffed dolls, certain toy figures and skins thereof and enable prices of these items to remain stabilized.

Legislative History:

Stuffed dolls are currently provided for under the HTSUS in subheading 9502.10.2000/-9902.95.01. The comparable provision under the previous Tariff Schedule of the United States Annotated (TSUSA) was 737.23 which was subsequently changed to 737.18/912.30.

Stuffed or filled toy figures are currently provided for under HTSUS 9503.49.00/9902.95.02. The comparable provision under the previous TSUSA was 737.40/912.34.

Stuffed or filled toy figures of inanimate objects were provided for under HTSUS 9503.49.00/9902.95.03. The comparable provision under the prior TSUSA was 737.47/912.34.

Skins for stuffed toy figures of animate or inanimate objects are currently provided for under HTSUS 9503.41.3000/9902.95.04. The comparable provision under the TSUSA was 737.51/912.36.

Stuffed dolls were granted GSP treatment on March 31, 1982 as a result of a petition filed by an ad hoc group of U.S. toy companies, the Government of Guatemala and the Government of Haiti.

H.R. 6867 of 1982 legislatively suspended duty for stuffed dolls, stuffed or filled toy figures of inanimate objects and skins for animate and inanimate objects until December 31, 1985. The legislation for temporary duty suspension of these items was based upon a finding by Congress that no U.S. industry would be harmed by the free entry of these articles, and that in fact there was little if any domestic production for said items.

H.R. 4848 which became law on August 23, 1988, not only retroactively extended the duty suspension for stuffed dolls, stuffed or filled inanimate objects and skins for stuffed animate or inanimate objects but also included stuffed or filled toy figures of animate objects in TSUSA items 737.30 or 737.40/912.32, which subsequently became 9503.41.1000 or 9503.49.0000/9902-.95.02.

Stuffed or filled toys representing animals or non human creatures were formerly described as stuffed or filled toy figures of animate or inanimate objects.

H.R. 1920 which was part of the Omnibus Trade Bill of 1990 limited the size of these articles so as not to exceed 53.5 CM (25 inches) in either length, width or height.

The U.S. toy industry imports almost all of its stuffed dolls and stuffed or filled toys. The principal reason for this is the high labor content of these items because they require considerable sewing and finishing by hand.

There is very little, if any, domestic production of stuffed dolls or toys, and there was no opposition to H.R. 4848.

The "1989 U.S. Industrial Outlook" published by the Department of Commerce (see copy attached) refers to dolls, toys, games and children's vehicles. However, the report does state that "the constant-dollar value of U.S. product shipments of dolls, toys, and games is expected to increase less than 1% in 1989." The long term prospects state that, adjusted for inflation, shipments of dolls, toys, and games are expected to increase 1% annually from 1989 to 1993.

The following are the U.S. Imports-Consumption IM 146 value statistics compiled by the Department of Commerce for stuffed dolls and stuffed toy figures representing animals or non-human creatures.

HTSUS 9502.10.2000
Stuffed Dolls
IM 146 Statistics
1989 and 1990

Dollar Value

U.S. IMPORTS	1989	1990
Germany	$ 6,562,820	$ 10,152,124
Thailand	6,651,955	14,760,665
China	66,376,915	144,367,612
Korea	5,136,219	4,324,468
Taiwan	103,060,548	104,629,524
Total Imports	$187,788,457	$278,234,393
Total All Countries	$209,642,232	$305,365,078

HTSUS 9503.41.1000
Stuffed Toy
Figures Representing Animals or
Non-Human Creatures
IM 146 Statistics
1989 and 1990

Dollar Value

U.S. IMPORTS	1989	1990
Thailand	$ 13,536,735	$ 40,724,496
China	186,535,927	254,231,608
Korea	263,283,042	215,821,260
Hong Kong	11,983,417	12,545,658
Taiwan	35,977,968	15,160,536
Total Imports	$511,317,089	$538,483,558
Total All Countries	$533,313,562	$570,763,913

The current legislation continues the duty suspension of the prior legislation (H.R. 1920) for stuffed dolls and stuffed toys not exceeding 63.5 cm. in either length, width or height.

To our client's knowledge, there has been little or no change in the conditions that prevailed at the time of the passage of H.R. 1920. There is little if any domestic production of stuffed toys with little growth in the toy industry projected over the next five years. An increase in the costs could have a damaging effect on the industry and could result in a loss of sales and jobs.

There is a real concern in the industry that continued increases in prices will result in reduced sales and a loss of domestic jobs in sales and distribution.

Since there is no U.S. production of these items, the granting of extended duty suspension will have no adverse effect upon the United States industry but will have a positive effect on the toy industry by increasing sales, employment and profits. Savings in cost will be passed on to the consumer and will result in increased sales. Increased sales will result in increased employment.

Therefore, on behalf of our client, Russ Berrie & Company, Inc., we strongly urge favorable consideration by the Ways and Means Committee of this bill to extend the duty suspension of HTSUS headings 9902.95.01, 9902.95.02, and 9902.95.04 from 12/31/92 to 12/31/95.

We respectfully request an opportunity to appear at any scheduled hearing for H.R. 1705.

Thank you for your consideration of our request.

Sincerely,

SERKO & SIMON

Joel K. Simon

Joel K. Simon

JKS:pk
Enclosures

H.R. 1732

To extend the existing suspension of duty on chemical light activator blend

No comments submitted.

H.R. 1740

To continue the suspension of duties on certain power driven flatbed knitting machines and on certain knitting machines designed for sweater strip or garment length knitting

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AFTAC AMERICAN FIBER, TEXTILE, APPAREL COALITION

1801 K STREET, N.W., SUITE 900, WASHINGTON, D.C. 20006 (202)862-0500

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways & Means Committee
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your request for comment on various miscellaneous trade and tariff bills announced in the Subcommittee Press Release No. 6, dated May 14, 1991. The American Fiber, Textile, Apparel Coalition is a broad-based coalition which includes 19 organizations, representing industry and labor, producing most of the fibers, fabrics, home furnishings, industrial textiles and apparel made in the United States.

AFTAC supports H.R. 1740, a bill to continue the suspension of duties on certain power driven flatbed knitting machines and on certain knitting machines designed for sweater strip or garment length knitting.

During the past decade, sweater imports into the United States have increased dramatically, placing increased pressure on domestic producers to be competitive. One of the ways the industry has done this is to invest in modern capital equipment. Domestic sweater producers need to import this equipment because much of this machinery is not produced in the United States. This bill would help the United States knitting industry to maintain and enhance its competitiveness.

For this reason, AFTAC supports H.R. 1740 and recommends that the Subcommittee on Trade give it favorable consideration. We appreciate the opportunity to comment on this bill and would ask that this letter be made a part of the record.

Sincerely

Arthur Gundersheim

Arthur Gundersheim
Chairman

AG/paw

Amalgamated Clothing & Textile Workers Union
American Apparel Manufacturers Association
American Textile Manufacturers Institute
American Yarn Spinners Association
Carpet & Rug Institute
Clothing Manufacturers Association of America
Cordage Institute
Industrial Fabrics Association International
International Ladies' Garment Workers Union
Knitted Textile Association
Luggage & Leather Goods Manufacturers of America
Man-Made Fiber Producers Association, Inc.
National Association of Uniform Manufacturers
National Cotton Council of America
National Knitwear Manufacturers Association
National Knitwear & Sportswear Association
National Wool Growers Association
Neckwear Association of America
Northern Textile Association
Textile Distributors Association, Inc.
Work Glove Manufacturers Association

H.R. 1748

To suspend temporarily the duty on Ethanone-1, 2-naphthyl-

GIVAUDAN

June 10, 1991

Robert S. Leonard
Chief Counsel
Committee on Ways
and Means
U.S. House of Representatives,
Room 1102 Longworth House
Office Bldg.
Washington, DC 20515

Re: H.R. 1748, A bill for the temporary suspension of duty on Ethanone-1,2-Naphthyl- (CAS No. 93-08-3)

Dear Sir:

Givaudan Corporation of Clifton, New Jersey, founded in 1921 is a U.S. manufacturer, importer, and net exporter of aroma chemicals intermediates, organic intermediates and such specialty chemicals as topical drugs efficacious as sunscreen agents. Givaudan Corporation supports this temporary duty suspension bill.

Ethanone-1,2-naphthyl- is an aroma chemical (having a neroli blossom floral, honey sweet odor/taste) which is not produced in the United States. It is currently classifiable under 2914.30.00 of the HTS, Aromatic ketones without other oxygen function, subject to an 11.9% ad val. duty.

Ethanone-1,2-naphthyl- is produced by only two companies in the world--Givaudan S.A. of Geneva, Switzerland and Haarmann & Reimer of Holzminden, Germany. It is one of a number of specialty chemicals produced is a synthesis using the Friedel-Crafts unit operation, a caustic reaction requiring entirely stainless steel equipment. The Friedel-Crafts operation is a major capital investment. It is expensive to build and requires special expertise to operate. Because of these limitations, we do not believe additional production of Ethanone-1,2-naphthyl- (which is produced in relatively small quantities in any event) is likely during the life of this duty suspension bill.

On the other hand, Ethanone-1,2-naphthyl- is an aroma chemical used by many companies, both small and large, located throughout the United States. Accordingly, it is found in any number of consumer and skincare products sold in the United States and in important U.S. export markets worldwide. Thus, a temporary suspension of the duty rate would help to make the product

GIVAUDAN CORPORATION
Delawanna Avenue Clifton, New Jersey 07015-5034 Telephone 201/365-8000 Telex 219259
Cable Givaudanco, Clifton Facsimile 201/777-9304 (Headquarters) 201/365-0711 (Plant)

available in the United States and would also assist U.S. companies in continuing to manufacture their products in the U.S. at the most cost effective prices. It would also assist U.S. companies in competing effectively with foreign companies selling both in the U.S. and in major U.S. export markets in Europe and the Far East.

Considering the above, and given that there is no U.S. producer of Ethanone-1,2-naphthyl-, we respectfully submit that a three year temporary suspension of the 11.9% duty on this product would be a reasonable course of action. It would benefit U.S. companies while producing no adverse effect on any U.S. business.

We request the duty suspension run through December 31, 1994.

Respectfully submitted,
GIVAUDAN CORPORATION

La Marr Blecker

LaMarr Blecker
Director of Marketing Services

LB/sk

H&R
Haarmann&Reimer Corp.

A Bayer USA INC COMPANY

70 Diamond Road
P.O. Box 175
Springfield, NJ 07081-0175
Telephone: (201) 467-5600
Fax: (201) 467-3514
Cable: IONONE, Springfield, NJ
Telex: 219-134 HAR UR

Position Paper on H.R. 1748
A bill for the temporary suspension of duty of Ethanone-1,2-naphthyl- (CAS No. 93-08-3)

Haarmann & Reimer Corporation

Haarmann & Reimer Corp. is a company with U.S. Corporate Headquarters in Springfield, New Jersey. It currently employs approximately 600 workers and has plants located in Ohio, Minnesota, Indiana, New Jersey, and South Carolina. Haarmann & Reimer Corp. supports this temporary duty suspension bill.

Purpose of Bill

The purpose of this tariff bill is to seek the temporary, three-year suspension of duty on Ethanone-1,2-naphthyl-, in order to make this compound more readily available to its customers, U.S. companies located throughout the United States.

Description of Product

This aroma chemical (having a neroli blossom floral, honey sweet odor/taste and available in liquid or crystalline powder form) is not produced in the United States. This compound has a fresh and pleasing aroma, reflecting the lighter, cleaner fragrances of the 90's. It is achieving increased usage in U.S. skincare and cosmetic products. It is also present in any number of household products, such as detergents and cleansing agents. Such products are produced by small, medium and large companies and their workers located throughout the United States.

Customs Classification

Ethanone-1,2-naphthyl- is currently classifiable under 2914.30.00 of the HTS, Aromatic ketones without other oxygen function, subject to an 11.9% ad. val general rate of duty. We are advised that U.S. Customs has not officially requested a separate statistical breakout for this aroma compound.

HEADQUARTERS: Springfield, NJ; HEAD OFFICES: Food Ingredients Div.- Elkhart, IN; Fragrance, Flavor, Aroma Chemicals Div.- Springfield, NJ

H&R
Haarmann&Reimer Corp.

Method of Production

Ethanone-1,2-naphthyl- is produced by only two companies in the world--H&R Holzminden, Germany, and Givaudan S.A. of Geneva, Switzerland. It is one of a number of specialty chemicals produced using the Friedel-Crafts unit operation, a Acid reaction requiring entirely glass lined equipment. The Friedel-Crafts operation is a major plant investment, expensive to build and requiring special expertise to operate. Because of these limitations, we do not believe additional production of Ethanone-1,2-naphthyl- (which is produced in relatively small quantities in any event) is likely during the life of this duty suspension bill.

Uses

Ethanone-1,2-naphthyl- is an aroma chemical used by many diverse U.S. companies to impart a pleasing fragrance to innumerable products. Accordingly it is found in any number of consumer products, everything from cosmetics and skincare products to detergents and fabric softeners. These products are sold throughout the United States and in important U.S. export markets worldwide.

U.S. Imports

U.S. imports for the last five years have been approximately 100 tons with a value of an approximately $2.5 MM. Over the 3 year life of the duty suspension bill or through December 31, 1994 imports are estimated to be approximately 60 tons, valued at $1.3 MM.

Haarmann & Reimer respectfully requests that this duty suspension bill remain in effect through December 31, 1994.

Sincerely,

William J. Ludlum
Marketing Manager
Aroma Chemicals Division

H.R. 1749

To correct the tariff rate inversion on certain iron and steel pipe and tube products

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STATEMENT OF AMERICAN IRON AND STEEL INSTITUTE

The American Iron and Steel Institute (AISI), on behalf of its domestic member companies submits the following comments on H.R. 1749. The purpose of this legislation is to correct a technical problem termed "duty rate inversion" on certain iron and steel pipe and tube products. This problem, explained below, has had a devastating impact on tubular goods producing companies, their employees and communities, and we believe that this legislation is vitally needed in order to solve it.

The inversion problem arose in the following circumstances. As a general rule, steel duty rates on higher value products are greater than on lower value products. For example, in the case of pipe and tube products, the duty rates are greater on alloy and stainless than on carbon grade products, and plain-end tubes carry lower duty rates than those that have been threaded and coupled. Duty rates as between sheet and plate and tubular products were differentiated on this basis in the past, with both sheet and plate products and tubular goods dutiable at a specific rate per pound, and sheet and plate products being dutiable at a lower rate than tubular goods. In 1960, however, the tariffs on sheet and plate products were changed to an ad valorem rate, while duties on tubular goods remained on a cents-per-pound basis until 1982. It was only in 1982 that the fixed duty rate per pound for tubulars was converted into an ad valorem rate. In the meantime, however, as a result of the inflation of the 1970's, what once had been a high rate of duty on tubulars on a per pound basis had been progressively reduced to ad valorem rates substantially lower than those for sheet and plate products, thus creating a duty rate inversion in respect to these products.

Because welded tubular goods are produced from sheet and plate products, this duty inversion has encouraged the importation of the higher valued tubular goods to the detriment of both tubular producers and the sheet and plate producers who supply their products as raw material to the tubular producers.

It is important to note that our major steel trading competitors, including the E.C., Japan, Korea, and Canada have import duties on tubular products which are equal to or higher than those for sheet products.

The AISI supports H.R. 1749 and urges that it be passed.

Statement of Roger B. Schagrin, Esq., Executive Director and General Counsel, The Committee on Pipe & Tube Imports

The Committee on Pipe and Tube Imports ("CPTI") expresses its unqualified support for H.R. 1749, a bill to correct the tariff inversion on certain welded carbon and specialty steel pipe and tube products. This legislation was introduced by Congressman Marty Russo on April 11, 1991, and was cosponsored by Congressmen Traficant, Regula, Mineta, Kolter, Cardin, Ridge, Visclosky, Lipinsky, Ireland and Borski. The late Senator John Heinz introduced a similar bill, S. 703, in the Senate on March 20, 1991. That bill was cosponsored by Senators Rockefeller and Leahy.

The CPTI is a trade association of domestic steel pipe and tube producers, representing the majority of welded steel pipe production in the United States. Its primary objective is to address the serious import problems that have beset the industry over the last decade. The inverted tariff is a major concern of the CPTI because of the advantage and incentive it provides import competition and because it directly reduces industry profit margins.

H.R. 1749 addresses a fundamental principle of equity. It proposes to correct the unintended and anomalous inversion in the tariffs between welded carbon and specialty steel pipes and tubes and flat-rolled steel in the Harmonized Tariff Schedules of the United States ("HTSUS"). The tariff inversion is anomalous because the HTSUS, like the tariff schedules of all of our major trading partners, generally applies higher tariffs to higher valued-added products.[1] As value is added to a primary or intermediary product through the manufacturing process, the tariff rate increases. In contrast, the raw materials used in the production of steel pipes and tubes, flat-rolled steel sheets and plate, now carry significantly higher tariffs than do pipe and tube products.

The tariff inversion in the United States was unintended in that it was an accidental result of structural changes in the tariff schedule and inflation over a period of years. Prior to 1960, the tariffs on both flat-rolled steel and pipes and tubes were set at a "specific" rate, with the duty on sheet being higher than that for pipe and tube. For example, in 1952 the duty rate for sheet was $0.00175/lb. compared to the higher duty of $0.00375/lb. for pipe 3/8 inch or more in diameter. In 1960, the tariffs on flat-rolled steel were changed to ad valorem rates. Thus, the tariff on sheet was set at 10% ad valorem, while the duty on pipe remained at the specific rate of $0.003/lb. With steel selling for approximately $50 per ton at the time, the duty on sheet was approximately $5 per ton compared to the $6 per ton duty on pipe.

The tariff inversion occurred during the inflation of the 1970s. The specific rate duty on pipe and tube remained static while the increasing price of steel drove up the tariffs collected on flat-rolled steel. By 1975, steel prices had more than quadrupled, making the duty on flat-rolled steel more than $20 per ton compared to the constant $6 per ton on pipe. In 1982, pipe and tube duties were changed to an ad valorem rate of .5% and 1.9% for most tubular products. In the same year, plate and sheet duties ranged from 7.1% to 8.4%.

This tariff inversion has serious negative implications for the domestic pipe and tube industry. CPTI members purchase domestic and imported raw materials (sheet and plate), to produce pipes and tubes for a variety of end uses. They must pay a higher duty for their imported raw materials resulting in a higher cost for their product compared to the cost of finished pipe that is imported at a lower duty rate. At the same time, foreign producers are encouraged by the lower pipe duties to ship pipe rather than sheet to the United States, thus reaping the dual benefit of adding value in their own economy while selling their product at relatively lower prices in the United States because of the lower duty. This tariff inversion has resulted in higher volume of pipe imports at lower prices relative to the market, depressing domestic pipe and tube prices in comparison to sheet prices, squeezing profit margins, and increasing losses for pipe and tube producers.

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[1] It is important to note that our major trading partners embrace the general rule that higher value-added products bear higher rates of duty. Specifically, our major trading partners generally apply lower tariffs on imported flat-rolled steel than on imported welded pipe and tube products. For example, the European Community applies tariffs of 3.8% to 5.3% to imported steel sheet, while applying rates of 9% to 10% to imported pipes and tubes. Korea applies rates of 10% to sheet, and 15% to pipes and tubes.

Unfairly traded, particularly dumped and subsidized, foreign pipe and tube has had a devastating effect on the domestic steel pipe and tube industry in the last decade. An outline of the industry highlights this effect.

The domestic pipe and tube industry is a $4-5 billion per year industry comprised of integrated and non-integrated producers in nearly every state of the union, with Illinois, Pennsylvania, Ohio, Michigan, California and Texas accounting for the majority of production. The industry currently employs 25,000 workers. CPTI members have 64 facilities in 20 states, employing about 15,000 workers. A list of member companies is attached for the Committee's information.

Steel pipes and tubes are among the most important basic industrial materials of the twentieth century. These products are an essential component in the infrastructure of America. They are a key element in the systems which provide water, gas, oil, and electricity. They are vital components of civilian and military powerplants throughout the country, including nuclear reactors. Oil country tubular goods ("OCTG"), used to retrieve petroleum products and natural gas from inland and off-shore deposits are critical to domestic energy independence. Pipe and tube products are also components of military vehicles, tanks, warships, and other sophisticated military equipment.

The domestic pipe and tube industry operates some of the most modern and efficient mills in the world. It has continually invested in its facilities in order to lower production costs, increase productivity, improve quality, and advance its capabilities to produce more sophisticated products. CPTI companies produce the full range of carbon steel pipe and tube products including OCTG, standard and line pipe, mechanical tubing, structural tubing and pressure tubing.

Despite the efficiency of the domestic industry, many pipe and tube facilities have gone bankrupt or were shut down in the last dozen years due to imports. As a result, imports displaced some 10,000 workers in the pipe and tube industry during the decade of the 1980s. To the extent that the tariff inversion encourages the importation of pipe, it transfers jobs in this industry from the U.S. to other countries. The domestic industry cannot continue to absorb this effect. In 1990, imports accounted for nearly 36% of the pipe and tube market, or nearly double the 17% recorded for all steel products. In 1979, import penetration of all pipe and tube products amounted to 26.1%. By 1984, prior to the initiation of the steel VRA program, imports of steel pipe and tube had escalated to account for almost 60% of the market.

Much of this increase in import market share was captured through the use of unfair trading practices such as dumping and subsidization. The domestic industry, through the CPTI, actively and successfully pursued remedies against these unfair practices under the trade laws. The level of dumping and subsidization found was so massive that many countries would be unable to sell into the U.S. market at all had those trade cases not been withdrawn pursuant to the implementation of the President's VRA program in 1984.

However, the domestic industry cannot use the trade laws to fight the unfair incentive and advantage the tariff inversion provides to its foreign competition. In order to correct this unintended anomaly in the development of the tariffs, Congress must act. To that end, the CPTI has supported legislation to correct the tariff inversion in every legislative session since the 99th Congress.

This legislation enjoys broad steel industry support including the carbon and specialty steel pipe and tube industries, the American Iron and Steel Institute, and the United Steel Workers of America. The only major opposition has come from the Administration, though not because they disagree that the tariff inversion is unintentional, detrimental to the domestic industry, or deserving correction. Rather, the Administration was concerned with the method used to correct the inversion.

The Office of the United States Trade Representative ("USTR") opposed similar legislation citing that pipe and tube duties are bound by the GATT and any correction would require the United States to negotiate compensation. It is important to note however that the GATT does not prohibit raising tariffs. It simply requires that compensation for any such increase be granted to any nation that requests it. If every country requested compensation for this duty correction, the total compensation for increased duties would be about $13.3 million, based on 1990 import levels and prices (see Attachment 2). Canada would be owed no compensation, since this bill does not effect tariff rates with Canada set under the United States Canada Free Trade Agreement. Because the United States is engaged in extensive multilateral tariff negotiations through the Uruguay Round, any negotiated compensation could be easily spread out over a broad variety of areas with little or no perceptible impact on any other industry. In fact, H.R. 1749 provides USTR with the negotiating authority to address any claims for compensation that may be made.

USTR preferred to negotiate a solution to the Tariff inversion through the Uruguay Round negotiations. On July 7, 1988, then USTR Clayton Yeutter assured Ways and Means Trade Subcommittee members that the inverted tariff issue would be a high priority for the U.S. in the Uruguay Round. In September 1988, the USTR's General Counsel told the Trade Subcommittee that the U.S. would seek to correct the inversion through the GATT beginning in December 1988. On May 4, 1989, Ambassador Carla Hills reaffirmed the prior Administration's commitment to address the inverted tariff through the GATT. In September 1989, language was included in the Committee Report on H.R. 3275, the Steel Trade Liberalization Act, that expressed (i) the strong support of the Committee for the elimination of the inverted tariff between flat-rolled steel and pipes and tubes, and (ii) support for the elimination of all steel tariffs thereby liberalizing world steel trade and resolving the inversion problem.

To date, the GATT negotiations have not yielded a solution to the tariff inversion, though they are not yet complete. A more promising result may be achieved through the Multilateral Steel Accord ("MSA") negotiations, being conducted within the general framework of the GATT. One of the goals of the MSA negotiations is to eliminate all steel tariffs. The CPTI has strongly supported the Administration's efforts to eliminate all steel tariffs, and will continue to do so.

Passage of H.R. 1749 is not inconsistent with the Administration's agenda on international trade. Passage of H.R. 1749 will not preclude any negotiated elimination of tariffs under USTR's current authority. Support for this bill also sends a message to our trading partners that Congress is willing to address inequities in steel trade if our trading partners squander the opportunity for progress offered by the GATT and the MSA. Therefore, it is not necessary to wait for the conclusion of these negotiations before acting favorably on this bill. Finally, this bill offers the only viable alternative for the domestic pipe and tube industry if the United States is unsuccessful in addressing the inversion through the MSA or GATT.

H.R. 1749 is not a plea for protection or special treatment. It is designed to provide equitable relief from an inadvertent and anomalous inversion that has contributed to the declining fortunes of the domestic pipe and tube industry. It provides that relief without doing so at the expense of any other particular sector of the steel industry. The purpose of the bill is consistent with the general policy behind the construction of the tariff schedules and will provide for the equitable and effective administration of tariffs on pipe and tube products. The pipe and tube industry has patiently awaited an internationally negotiated solution, that has been slow and uncertain in materializing. Congressional action now will reinforce and supplement those efforts. For the foregoing reasons, the CPTI respectfully requests that the Ways and Means Subcommittee on Trade act favorably on H.R. 1749.

Effect of H.R. 1749

HTS No.	Value	1990 Duties	Proposed Duties	Difference
73061010	$56,353,748	$1,020,640	$2,761,334	$1,740,694
73062060	$15,659,474	$297,529	$767,314	$469,785
73063050	$554,521,582	$10,784,805	$17,009,045	$6,224,240
73069010	$3,212,277	$61,035	$157,402	$96,367
73062020	$24,381,133	$121,368	$1,194,676	$1,073,308
73066010	$23,097,785	$115,483	$1,131,791	$1,016,308
73065050	$876,666	$42,956	$83,283	$40,327
73069050	$299,250	$14,569	$28,429	$13,860
73064010	$4,632,616	$351,673	$467,894	$116,221
73064050	$48,637,545	$2,431,900	$4,912,392	$2,480,492
All Tariff No	**$731,672,076**	**$15,241,958**	**$28,513,560**	**$13,271,602**

THE COMMITTEE ON PIPE AND TUBE IMPORTS

Allied Tube & Conduit Corporation
16100 South Lathrop
Harvey, Illinois 60426

11350 Norcom Road
Philadelphia, Pennsylvania 19154

11539 North Houston Rosslyn Road
Houston, Texas 77088

1100 FM 3361
Liberty, Texas 77575

****

American Tube Co., Inc.
P.O. Box 6633
Phoenix, Arizona 85005

Kokomo Works
101 East Broadway
Kokomo, Indiana 46901

****

Bull Moose Tube Co.
P.O. Box 214
Gerald, Missouri 63067

1819 Clarkson Road, Suite 100
St. Louis, Missouri 63017

P.O. Box 219
Trenton, Georgia 30752

P.O. Box 56
Chicago Heights, Illinois 60411

57540 States Road 19 South
Elkhart, Indiana 46515

****

Century Tube Corporation
P.O. Box 7612
Pinebluff, Arkansas 71611

Ohio Steel Tube Co.
175 Mansfield
Shelby, Ohio 44875

Regal Tube
7401 South Linder
Chicago, Illinois 60638

Cyclops Industries
Miami Industries
P.O. Box 912
Piqua, Ohio 45356

Sawhill Tubular
901 Dritz Road
Warren, Ohio 44483

Sawhill Tubular
P.O. Box 11
Sharon, Pennsylvania 16146

Tex-Tube
P.O. Box 7705
Houston, Texas 77007

****

Hannibal Industries
3851 Santa Fe Avenue
Los Angeles, California 90058

Ipsco Steel, Inc.
P.O. Box 1198
Brookshire, Texas 77423

R.R. #2 - Box 30A
Geneva, Nebraska 68361

P.O. Box 180
Camanche, Iowa 52730

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Laclede Steel Company
10 Broadway
St. Louis, Missouri 63102

P.O. Box 2576
Alton, Illinois 62002-9011

Benwood Industrial Court
8th & McMechen Street
P.O. Box 10
Benwood, West Virginia 26031

****

LTV Tubular Products Company
1290 Poland Avenue
Youngstown, Ohio 44501

Off State Highway 57
Counce, Tennessee 38326

525 15th Street
Elyria, Ohio 44035

965 Wanda Avenue
Ferndale, Michigan 48220

Cleveland Steel and Tubes
12610 Kirby Avenue
Cleveland, Ohio 44108

Georgia Tubing
Highway 363
Cedar Springs, GA 31732

****

Maruichi American Corporation
11529 South Greenstone Avenue
Santa Fe Springs, California 90670

****

Maverick Tube Corporation
P.O. Box 4128
Chesterfield, Missouri 63006

P.O. Box 696
Union, Missouri 63084

P.O. Box 659
Conroe, Texas 77305

****

Pittsburgh Tube Company
P.O. Box One
Jane Lew, West Virginia 26378

P.O. Box 326
Darlington, Pennsylvania 16115

2060 Pennsylvania Avenue
Monaca, Pennsylvania 15061

Pittsburgh International
P.O. Box 9 - Route 24
West Fairbury, Illinois 61739

General Tube
P.O. Box 27036
Chicago, Illinois 60627

Monroe Tube
Route 208
Monroe, New York 10950

Tec-Fab
1480 Northwest 11th Street
Richmond, Indiana 47374

****

Quanex Corporation
1900 West Loop South, Suite 1500
Houston, Texas 77027

Bellville Tube Division
P.O. Box 220
Bellville, Texas 77418

Gulf States Tube
P.O. Box 952
Rosenberg, Texas 77471

Michigan Seamless Tube
400 McMann Street
South Lyon, Michigan 48178

Quanex Tubular Group
17177 North Laurel Park Drive
Suite 307
Livonia, Michigan 48152

Heat Treating Division
25 Commercial Road
Huntington, Indiana 46750

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Searing Industries
2730 East 37th Street
Vernon, California 90058

Sharon Tube Company
134 Mill Street
Sharon, Pennsylvania 16146

Southwestern Pipe, Inc.
P.O. Box 2002
Houston, Texas 77252

P & H Tube
P.O. Box 5217
Bossier City, Louisiana 71010

****

Welded Tube Company of Amercia
1885 East 122nd Street
Chicago, Illinois 60633

****

Western Tube & Conduit Corporation
2001 East Dominguez Street
P.O. Box 2720
Long Beach, California 90801-2720

Omega Tube & Conduit
8523 Frazier Pike
Little Rock, Arkansas 77206

Wheatland Tube Corporation
900 Haddon Avenue
Collingswood, New Jersey 08108

Council & Railroad Avenues
Wheatland, Pennsylvania 16161

Maneely-Illinois, Inc.
4435 South Western Boulevard
Chicago, Illinois 60609

Sedco Products of Florida, Inc.
Stadium Road & Bennett Street
Auburndale, Florida 33823

Seminole Tubular Products Co.
5000 Northwest 37th Avenue
Miami, Florida 33142

Seminole Tubular Products Co.
9208 Jeffrey Drive
Cambridge, Ohio 43725

Seminole Tubular Products Co.
5601 Canal Street
Houston, Texas 77060

HOGAN & HARTSON

COLUMBIA SQUARE
555 THIRTEENTH STREET NW
WASHINGTON DC 20004-1109
(202) 637-5600

LEWIS E. LEIBOWITZ
PARTNER
DIRECT DIAL (202) 637-5636

BRUSSELS, BELGIUM
LONDON, ENGLAND
WARSAW, POLAND
BALTIMORE, MARYLAND
BETHESDA, MARYLAND
McLEAN, VIRGINIA

June 12, 1991

Robert J. Leonard, Esquire
Chief Counsel
House Ways & Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

Re: Comments on H.R. 1749

Dear Mr. Leonard:

These comments are submitted on behalf of Hoesch America, Inc. of Atlanta, Georgia. H.R. 1749, currently pending before the Committee, would increase tariff rates on various types of welded steel pipe and tube products. For example, certain plain-end oil country tubular goods ("OCTG") would increase in duty from 0.5 percent to 4.9 percent, which would eliminate the "inverted duty" relationship between carbon steel sheet (the raw material for welded OCTG) and the plain-end OCTG pipes themselves. This bill runs contrary to the trend in favor of reducing tariffs by international agreement, which has prevailed for the past four decades, since the adoption of the General Agreement on Tariffs and Trade.

Hoesch America, Inc. is a U.S. member of the Hoesch Group, a major steel producer and manufacturer headquartered in Germany. Hoesch Rohr AG is an affiliate of Hoesch AG which makes welded steel pipe, among other products. Hoesch America markets many steel products in the U.S., including OCTG manufactured by Hoesch Tubular Products Company of Baytown, Texas ("HTP"). HTP imports plain-end OCTG from Hoesch Rohr for processing and marketing in the U.S. and for export. The importation of OCTG in its unfinished form provides job opportunities in Texas in this important industry. Hoesch America opposes this legislation because it would increase the costs of production of OCTG for HTP and similarly situated companies.

Costs would increase for importers of OCTG and other steel pipe and tube products into the United States if H.R. 1749 were to be adopted. Increased costs would either be absorbed by the importer, or passed along to customers, or both. To the extent that tariffs were absorbed by the importers, the desired benefit to domestic pipe producers would not materialize. However, U.S. trading partners, including the

FAX: 202/637-5910 TELEX: 248370(RCA), 892757(WU) CABLE: HOGANDER WASHINGTON

European Communities, would likely press for compensation for these tariff increases, which would be contrary to tariff reduction agreements reached under the GATT in the 1970s.

To the extent that tariff increases are passed on to customers, those customers would be unfairly penalized. The oil and gas industry, which buys a large percentage of pipe and tube products, such as OCTG, is ill-prepared for further increases in oil and gas exploration and production costs.

The steel "Voluntary Restraint Agreement" and Consensus Agreement between the United States and the EC regulate bilateral steel trade until their expiration in March 1992. The Consensus Agreement provides that "the U.S. and EC will seek . . . limitations on tariff and non tariff measures" in the Uruguay Round of GATT negotiations. The Round and the related Multilateral Steel Agreement ("MSA") negotiations seek to reduce tariffs (perhaps to zero), not to increase them. H.R. 1749 would not be conducive to the stated objectives of the GATT and MSA talks.

On behalf of Hoesch America, Inc., we urge the Committee to reject the anachronistic approach to trade problems reflected in H.R. 1749.

Very truly yours,

Lewis E. Leibowitz
Counsel for Hoesch America, Inc.

Hoesch Tubular
Products Corporation

HOESCH

June 12, 1991

Robert J. Leonard, Esquire
Chief Counsel
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Comments on H.R. 1749

Dear Mr. Leonard:

I am writing to express the opposition of Hoesch Tubular Products Company ("HTP") to H.R. 1749. This bill would increase tariffs on plain-end oil well casing and tubing imported by HTP for manufacture into finished oil country tubular goods ("OCTG"). The increase could be as much as 880 percent (from 0.5 percent now to 4.9 percent). HTP's cost of manufacture of OCTG would increase substantially due to the tariff increase proposed by this legislation. That is the primary reason for our opposition.

This bill is also bad public policy. Its primary goal is to equalize the ad valorem tariffs on pipe and the flat-rolled plate and sheet used to make welded pipe. However, the proposed increase in pipe tariffs is the wrong way to accomplish this. Instead, tariffs on flat-rolled products should be reduced.

Tariffs on pipe were negotiated to their current levels in the Tokyo Round, completed in 1979. As "bound" tariffs, they may not be unilaterally increased by U.S. action (such as this bill) without triggering the rights of our trading partners to compensation or, failing that, retaliation against other U.S. goods.

Hoesch Tubular
Products Corporation
2800 Spur 55 Road
P.O. Box 779
Baytown, Texas 77522-0779
Telephone (713) 383-2603
Telex 7 62 808 Hoesch Btwn
Telefax (713) 573-1486

Rather than taking this approach, which is nothing more that thinly disguised protectionism, the U.S. should strive to reduce tariffs and other trade barriers around the world. The Uruguay Round and the Multilateral Steel Agreement ("MSA") negotiations seek to reduce tariffs to zero in the steel and other sectors. These negotiations are a far better way to eliminate the tariff disparity between pipe and tube on the one hand and flat-rolled steel on the other.

Thank you for the opportunity to express our views.

Sincerely,

Don Carroll

Don Carroll
Senior Vice President
HOESCH TUBULAR PRODUCTS CORPORATION

DC/lmc

COMMENTS SUBMITTED BY
THE SPECIALTY TUBING GROUP

BEFORE THE COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

June 12, 1991

The purpose of these comments is to express the support of the Specialty Tubing Group for H.R. 1749. This legislation, introduced by Congressman Russo and referred to the Committee on Ways and Means, would correct a tariff rate inversion that exists with respect to certain iron and steel pipe and tube.

The Specialty Tubing Group ("STG") is a national coalition principally comprised of producers of welded stainless steel pipe and tube. These manufacturers are located throughout the United States and account for the vast majority of U.S. production of welded stainless steel pipe and tube. A list of these manufacturers is attached.

Under the current tariff schedules, tariff rates on imports of stainless steel pipe and tube are lower than the tariffs on stainless steel plate, sheet and strip – products from which welded pipe and tube are produced. This tariff inversion provides an artificial incentive for foreign producers to convert flat-rolled products to pipe or tube off-shore. The inverted tariff has contributed to the increased market share of foreign steel pipe and tube in the United States. In 1990, for example, import penetration for all stainless steel pipe and tube accounted for approximately 25% of U.S. consumption.

The problem of artificially-induced import penetration is exacerbated by natural economic incentives present in the stainless steel pipe and tube industry. Stainless steel pipe and tube, which is used in a wide variety of important applications including as a vital component in military aircraft and in military and civilian power plants, has a relatively high unit value. As such, it is a naturally attractive market for foreign producers. The combination of natural economic factors with the artificial incentive of a tariff inversion focuses particular attention on this segment of the steel industry.

Present tariff inversion not only has created an artificial incentive for imports, but also is inconsistent with the general treatment of finished commodities under the U.S. tariff schedules. In general, the tariff schedules are based on the principal that tariffs should increase as the degree of value-added on a commodity increases. Thus, for example, the present tariff schedules impose a higher tariff on the higher-value-added stainless steel sheet and strip than on the slabs and other semi-finished products used to produce sheet and strip. The tariff treatment of stainless steel pipe and tube, which are higher value-added products than the stainless steel plate, sheet and strip from which they are manufactured, is an unwarranted departure from the normal operation of the tariff schedules. Indeed, virtually all of our principal trading partners, including Japan, South Korea, Canada and the European Community, have higher duty rates on pipe and tube products than on the flat-rolled products from which pipe and tube is made.

The evidence of injury to the United States industry producing stainless steel pipe and tube as a result of imports is clear and compelling. During the period 1981 through 1987, all indicators of the industry's health turned sharply downward. At least five domestic producers were forced to lay off significant numbers of workers during this period. One of the members of the Specialty Tubing Group, Trent Tube Division of Crucible Industries, closed three of its seven welded specialty tubing production facilities during that period. Another member, Armco, was forced to close a plant.[1/] One of the most massive layoffs occurred when Carpenter Technology Corporation was forced to close its stainless steel pipe and tube operations because of import competition. The fact that some of the leading and most technologically advanced U.S. companies have been forced from the market, or forced to severely curtail employment, is stark evidence of the disastrous results of encouraging imports artificially.

1/ Subsequently, Armco sold its remaining pipe and tube facility, entirely exiting the stainless pipe and tube business. The facility is now known as Avesta Sandvik Tube, Inc.

After a very brief period of improvement, the industry's health once again has resumed its decline. Production, sales and profits are all down, while low-priced imports from a number of countries have increased enormously. Thus, import-related injury continues.

The VRAs on pipe and tube do not preclude raising tariffs. The agreements do not address tariffs but rather quantitative measures. In fact, the export levels set in those agreements generally are based on the traditional levels of trade in each product category for each signatory. However, the inverted tariff on pipe and tube products has provided an incentive to shift exports into those products under flexibility provisions of those agreements. Japan, Korea and the European Community have used their flexibilities to shift exports from sheet into pipe and tube. H.R. 1749 removes the incentive to utilize flexibility provisions to ship pipe and tube at above the traditional levels set in the agreements.

Raising the tariffs on welded stainless steel pipe and tube would have a very modest revenue impact and would create no administrative burden. Based on 1989 and 1990 levels of imports, correcting the inversion would result in an increase of tariff revenue of just $2-3 million. This would represent the maximum possible level of potential retaliation by the United States' trading partners.

STG categorically opposes lowering the duties on flat-rolled products in order to offset this inversion. The flat-rolled sector of the stainless steel industry is itself highly import sensitive. Tariff inversion on welded stainless steel pipe and tube should not be resolved at the expense of the flat-rolled producers. Rather, the low duties on welded pipe and tube should be raised to the level of duties on the flat-rolled products.

The issue here is one of fundamental fairness. H.R. 1749 seeks to bring the tariff treatment of stainless steel pipe and tube into line with the general policy underlying our tariff system: tariffs should be relatively higher on higher value-added products. A correction of this inverted tariff will help stem the job losses in the stainless steel pipe and tube industry and encourage the efforts of the industry to reinvest and modernize for future years. The Specialty Tubing Group urges the Committee on Ways on Means to adopt Congressman Russo's initiative.

Respectfully submitted,

David A. Hartquist

DAVID A. HARTQUIST
NICHOLAS D. GIORDANO
COLLIER, SHANNON & SCOTT
3050 K Street, N.W.
Washington, D.C. 20007
(202) 342-8400

Counsel to the Specialty Tubing Group

June 12, 1991

ATTACHMENT

WELDED STAINLESS STEEL PIPE AND TUBE MEMBERS OF THE SPECIALTY TUBING GROUP

Allegheny Ludlum Corp. - Tubular Products Division
Claremore, Oklahoma

Avesta Sandvik Tube, Inc.
Wildwood, Florida

Bristol Metals, Inc., a subsidiary of Synalloy Corp.
Bristol, Tennessee

Damascus Tubular Products
Greenville, Pennsylvania

Gibson Tube
Bridgewater, New Jersey

Phoenix Tube Company, Inc.
North Brunswick, New Jersey

Rath Manufacturing Co.
Janesville, Wisconsin

The Trent Tube Division of
Crucible Materials Corporation
East Troy, Wisconsin

STEEL TUBE INSTITUTE
OF NORTH AMERICA

522 WESTGATE TOWER · CLEVELAND, OHIO 44116 · PHONE 216/333-4550 · FAX 216/333-4554

June 11, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: Proposed Legislation: A Bill to Correct Tariff Rate Inversion on Certain Iron and Steel Pipe and Tube Products (H.R. 1749)

Dear Mr. Leonard

On behalf of its members, the Steel Tube Institute ("STI") is submitting the following comments in support of H.R. 1749, a bill which would increase duties on certain iron and steel pipe and tube products. STI is an association of U.S. and Canadian-based manufacturers of carbon and stainless steel tubing. STI would note that this bill is also supported by other associations representing a wide range of steel producers and workers, including The American Iron and Steel Institute, the Committee on Pipe and Tube Imports, and the United Steelworkers of America.

STI members have for a long time been concerned about the tariff rate inversion which now exists with respect to the duty rates on steel pipe and tube products and the duties on steel sheet and plate from which the tubular products are fabricated. According to the general economic theories underlying tariff systems, duties imposed on raw materials or semi-manufactured goods should be lower than the duties on more highly processed articles derived from such materials or goods. The idea is to encourage more value added production in the importing country.

However, under the Harmonized Tariff Schedule of the United States (HTS), the duties on steel pipe and tube products are lower than the duties on steel sheet and plate from which the tubular products are manufactured. This inversion has been brought about by historical accident. Under the Tariff Schedules of the United States (TSUS), which preceded the HTS, the duties on sheet and plate were originally lower than the duties on tubular products. However, because the rates on these two classes of products were converted to an ad valorem basis at different times (sheet and plate - 1960; pipe and tube - 1982), a tariff inversion was unintentionally created.

This inadvertent tariff inversion has been a significant factor in the injury due to imports which has plagued the steel pipe and tube industry during the past decade. At least fifteen thousand steel pipe and tube laborers have lost their jobs since 1980. Import penetration in the domestic pipe and tube market increased from 26 percent in 1979 to 37 percent in 1990, comparing unfavorably to the 17 percent import penetration level for all steel products.

The large number of outstanding antidumping and countervailing duty orders on pipe and tube imports from many countries manifests the import-sensitivity of the industry. Such orders are not issued unless the International Trade Commission has found that the domestic industry is being materially injured or threatened with injury by the dumped or subsidized imports.

The United States Trade Representative has been assuring United States pipe and tube manufacturers that the tariff inversion issue will be discussed in the GATT tariff negotiations since 1988, yet no progress has been made. The proposed legislation will guarantee that the problem is resolved. Furthermore, the legislation would authorize the Trade Representative to negotiate any compensation which might be required as a result of the correction of the inversion. In this regard, however, STI would note that all of our major trading partners currently impose higher duties on tubular products than they do on sheet and plate.

The present tariff rate inversion is causing great harm to an already highly sensitive industry. H.R. 1749 would correct an inadvertent distortion in our tariff schedules and thereby help to alleviate the problems that the industry has been experiencing over the past decade.

The STI appreciates the opportunity to comment on the proposed legislation and would be pleased to provide any additional information or answer any further questions which the Committee may have.

Sincerely

STEEL TUBE INSTITUTE

Robert Boeddener
Executive Director

RB/cmp

United
Steelworkers of
America
AFL-CIO/CLC

815 16th Street, N.W.
Washington, D.C. 20006
(202) 638-6929 • FAX (202) 347-6735

Lynn R. Williams *International President*
Edgar L. Ball *International Secretary-Treasurer*
George F. Becker *International Vice President/Administration*
Leon Lynch *International Vice President/Human Affairs*

Jack Sheehan, *Director/Legislative Department*

Written Testimony of the
United Steelworkers of America
on
H. R. 1749
A bill to correct the tariff inversion on carbon and stainless pipe and tube products
by
John J. Sheehan
Legislative Director

I am writing on behalf of the United Steelworkers of America to provide comments requested on H.R. 1749, a bill to correct the tariff inversion on certain welded carbon and specialty steel pipe and tube products.

The objective of H.R. 1749 is to correct an inequity in the Harmonized Tariff Schedules of the United States by equalizing the duties on steel pipe and tube products with the duties on flat-rolled steel products.

The present duty rate is contrary to national and international tariff policy. As the tariff rate is defined today, the schedule allows raw materials used for the production of steel products to have higher tariffs than those for finished products. In the case of a value added product, like pipe and tube, the current U.S. tariffs provide an incentive for imports into our market. In contrast, other foreign countries have higher tariffs for pipe and tube products.

Historically, the tariff inversion has created an unfavorable climate for pipe and tube producers for those employed in this industry. Foreign imports took a large share of the market during the 1980's and attributed to the loss of 15,000 steelworker jobs. While the steel voluntary restraint program provided some relief to producers in the 80's, conditions in the 90's still exist where our manufacturers continue to face competition from unfair trade. While steel imports in 1990 were 17 percent of the market, pipe and tube imports totaled 35 percent, nearly double the amount for steel products. With the losses experienced over the years in the steel industry, the industry has not only the lost the production of pipe and tube, but the production of steel plate.

As a result of these lower tariffs, the inversion has created negative implications for the domestic pipe and tube industry. Subsequently, the steelworkers too have been affected by the growing level of pipe and tube imports into the U.S. Our concern is a parochial one, simply put, we are vulnerable to these conditions when a trade policy provides an incentive which erodes our ability to compete, produce and employ workers in the process. We have experienced numerous losses in employment for our workers at pipe and tube plants which were forced to close due to poor economic conditions. The work done in a pipe and tube mill is a value added process and those who provide the labor for this process are an integral component in the process.

There has to be an opportunity to readdress this issue, and we believe that this tariff legislation is the proper vehicle which can effectively address this problem.

In the end, we are committed to fairness for our workers. We want to insure that they are able to work in an industry that can compete and grow. However, with trade conditions as they are, we believe that the inequity that exists with the tariff inversion is an obstacle which must be removed. We strongly support H.R. 1749 and would ask that you give this legislation your support.

Thank you.

H.R. 1762

To suspend until January 1, 1995, the duty on beta lactamase inhibitor (Tazobactam)

H.R. 1763

To suspend until January 1, 1995, the duty on leucovorin calcium powder

H.R. 1764

To suspend until January 1, 1995, the duty on Ethambutol hydrochloride

H.R. 1765

To suspend temporarily the duty on pectin

STATEMENT FOR THE RECORD

Statement before the Subcommittee on Trade,
Committee on Ways & Means U.S. House of Representatives
by Rep. Benjamin A. Gilman

Mr. Chairman, I am pleased to submit this statement for the record in support of H.R. 1762, H.R. 1763, H.R. 1764, H.R. 1765, H.R. 1766 and H.R. 1767, bills which will provide relief from payment of certain tariffs imposed on substances used in the manufacture of pharmaceuticals by Lederle Laboratories and Hercules Incorporated.

Lederle Laboratories is a major manufacturer of medicines and vaccines, which employs approximately 3,800 individuals at its Pearl River, New York research and manufacturing site. Lederle was founded at the turn of the century by former New York City Health Commissioner, Dr. Ernst Lederle. The company has made many significant contributions to public health over the years, through development of drugs and vaccines for the prevention and treatment of major diseases afflicting our citizens and other throughout the world.

H.R. 1762 provides tariff relief for a product called BETA LACTAMASE INHIBITOR (TAZOBACTAM), a substance used in combination with other antibiotics. Tazobactam in a newly-developed B-lactamase inhibitor which will be combined with Pipracil to increase product effectiveness.

H.R. 1763 provides tariff relief for Leucovorin Calcium Powder, a chemical derivative of folic acid. Leucovorin Calcium is used to diminish the toxicity and counteract the effect of inadvertently administered overdosages of folic acid antagonists. This substance is combined with major cancer drugs in order to reduce their toxicity during chemo-therapy treatment.

H.R. 1764 would suspend the tariff on Ethambutol Hydrochloride, the active ingredient used in the manufacture of Myambutol, which is used in the treatment of tuberculosis. This duty suspension is especially important in view of the recent rise in the incidence of tuberculosis in the United States.

Hercules Incorporated is a major worldwide producer of Specialty Chemicals, Aerospace Components, and Fabricated Products and is headquarters in Wilmington, Delaware and employs many workers in their Middletown, New York facility.
H.R. 1765 would suspend the duty rate for a period of two years on imports of pectin. More specifically, the proposed legislation would provide for a two-year free entry for articles from countries entitled to most-favored-nation treatment. Pectin is a polysaccharide used as a thickening or gelling agent in jams, jellies, and other food products. This measure would improve the competitive position of U.S. jams and jelly manufacturers, such as Smuckers and General Foods, and possibly lower the costs to U.S. consumers by reducing manufacturing costs. There is currently only one U.S. pectin producer, which cannot fully satisfy the domestic market for pectin and therefore supports this measure.

Hercules is also a major importer of Tonalid (trade name for Acetyl - 1,1,3,4,4,6-Hexamethyltetrahydronaphthalene) and the only U.S. importer of Phantolid (6-Actetyl 1,1,2,3,3,5-hexamethly Indan). Tonalid is an artificial Musk fragrance used in soaps, toiletries, cold wave preparations, and chlorinated detergents. Manufactured in the Netherlands by the PFW division of Hercules, Tonalid currently enters the United States under duty suspensions that are set to expire on December 31, 1992. Expiration of the duty suspension will put Hercules at a competitive disadvantage; therefore, I have introduced H.R. 1766, extending the expiration date of the suspension until December 31, 1996.

H.R. 1767 would suspend the duty on Phantolid, an artificial musk used in soaps, toiletries, cold wave preparations and chlorinated detergents. Enactment of this measure would allow Hercules to expand its currently limited sales of Phantolid to U.S. consumer companies. In turn, the wide availability of this high quality product, at a competitive price, would ultimately benefit the retail consumer of products containing Phantolid.

As you can see, Mr. Chairman, these medicines are valuable for consumers. As such, they are products for which consumer availability and cost are most important. The ability of American industry to compete effectively at home and abroad is of concern to every one of us. We have an obligation to do everything in our power to ensure that our industries regain and maintain their competitive advantage both at home and abroad.

To this end, the duties assessed on these substances are exactly the type of industry impediments which we do not need. In addition, these impediments are imposed on substances which are not produced by any company here in the United States (with the exception of Pectin - which is produced by one U.S. company that cannot meet the domestic demand). Consequently, removing the tariffs will cause no economic disadvantage to anyone, but rather will cause only competitive gain for our domestic economy and for the consumers who purchase these vital end products.

Therefore, I urge you to support the passage and enactment of these bills.

June 7, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

RE: H.R. 1765 - To
Provide for the Temporary
Suspension of the Duty on
Pectin

Dear Mr. Leonard:

This statement is submitted on behalf of Hercules, Incorporated ("Hercules") in response to the May 14, 1991 press release #6 by the Subcommittee on Trade of the Committee on Ways and Means. Hercules supports H.R. 1765, legislation introduced by Congressman Gilman of New York, that would temporarily suspend the U.S. duty on pectin.

Hercules, Incorporated.

Hercules, which is headquartered in Wilmington, Delaware, is a major chemical company engaged in the manufacture and sale of a widely diversified line of chemicals and allied products. These products are supplied to the agricultural, food, plastics, paper and other industries and to the United States Government.

Hercules is the sole remaining pectin producer in the United States. Hercules manufactures pectin at its plant in Vero Beach, Florida. Hercules also imports pectin, primarily from a pectin producing affiliate in Denmark.

Pectin - Description and Uses.

Pectin is a yellowish-white powder which is a polysaccharide based on polygalacturonic acids. Fruit peels such as grapefruit and lime are the major source of pectin. Pectin is used as a thickening or gelling agent in jams, jellies, and other food products. Less significant uses of pectin include cosmetics and pharmaceuticals.

H.R. 1765.

H.R. 1765, introduced by Congressman Gilman on April 15, 1991, would temporarily suspend the Column 1 rate of duty for pectin classified in Item No. 1302.20.00 of the Harmonized Tariff System of the United States. The legislation, if enacted, would amend Chapter 99, Subchapter II of the HTS by adding item [99 series] providing for duty-free entry for articles from countries entitled to most-favored-nation treatment until the close of the two-year period beginning on the 15th day after the date of enactment. The Column 2 rate would remain unchanged.

Justification for H.R. 1765.

As the sole United States pectin producer, Hercules supports a two-year suspension of the pectin duty. United States production cannot meet U.S. demand. If enacted, H.R. 1765 would improve the competitive position of U.S. jam and jelly manufacturers and probably lower costs to U.S. consumers by reducing manufacturing costs. Further, there is no product produced in the United States which directly or indirectly competes against pectin.

Estimated Revenue Effect.

Total 1990 imports entering under HTS No. 1302.20.00 were approximately $27.5 million. There is currently a 5 percent duty applicable to these imports. The duties paid in 1990 amounted to approximately $1,300,000.

Conclusion.

Since Hercules is the sole U.S. pectin producer, the enactment of a temporary duty suspension will not cause injury to any United States manufacturer or other United States business interests. Since duty suspension will benefit Hercules and those major U.S. companies that require pectin for their operations, this legislation should be enacted.

Sincerely,

John F. McDermid
President

H.R. 1766

To extend until December 31, 1996, the temporary suspension of duties on 7-Acetyl-1,1,3,4,4,6-hexamethyletrahydronaphthalene

See also Hon. Benjamin A. Gilman under H.R. 1765

June 12, 1991

Mr. Robert J. Leonard, Esq.
Chief Counsel
House Committee on Ways and Means
U.S. House of Representative
Room 1102
Longworth House Office Building
Washington, D.C. 20515

RE: H.R. 1766

Dear Mr. Leonard:

This statement is submitted on behalf of Hercules, Incorporated ("Hercules") in response to the May 14, 1991 Press Release requesting written comment on certain miscellaneous tariff and trade bills. Hercules supports H.R. 1766 to extend the temporary duty suspension on imports of 7-Acetyl-1,1,3,4,4,6-Hexamethyltetrahy dronaphthalene ("Tonalid").

I. Hercules

Hercules, which is headquartered in Wilmington, Delaware, is a major chemical company engaged in the manufacture and sale of a widely diversified line of chemicals and allied products. These products are supplied to the agricultural, food, plastics, paper and other industries and to the United States Government.

II. Product Description and Uses

Hercules is a major importer of Tonalid, the trade name for 7, Acetyl-1,1,3,4,4,6-Hexamethyltetrahy dronaphthalene. Tonalid is an artificial musk fragrance used in soaps, toiletries, cold wave preparations, and chlorinated detergents. It is manufactured in the Netherlands by the PFW division of Hercules.

III. H.R. 1766

H.R. 1766, introduced by Mr. Gilman of New York, would extend until December 31, 1996 the temporarily suspended Column 1 rate of duty for Tonalid. It is classified under HTS No. 9902.30.16 "aromatic ketones without oxygen function."

IV. Justification for Suspension

Since the passage of the original duty suspension[1] neither Tonalid, nor a product of similar chemical composition marketed as Fixolide, have begun to be manufactured in the United States. As noted, Tonalid is manufactured by Hercules in the Netherlands; and Fixolide is manufactured in Switzerland by L. Givaudan & Cie (which supported the suspension.) As there is no Tonalid/Fixolide production in the United States, extension of the duty suspension can have no adverse impact upon manufacturers of aroma chemicals in the United States.

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[1] Originally introduced in the 101st Congress as H.R. 1911 and passed as Section 323 of H.R. 1594, the Customs and Trade Act of 1990.

Expiration of the duty suspension, however, will cause Tonalid to revert to a duty of 6.5 percent ad valorem (HTS No. 2914.30.00) and put Hercules at a competitive disadvantage. Further, the cost of products manufactured with Tonalid will increase, unnecessarily burdening U.S. consumers.

V. Estimated Effect on Revenue

The estimated revenue loss of H.R. 1766 is $800,000 annually.

Sincerely yours,

Philip M. Vaughn
Vice President
International Business-
Government Counsellors
818 Connecticut Avenue,NW
Suite 1200
Washington, D.C. 20006

H.R. 1767

To suspend temporarily the duty on 6-Acetyl-1,1,2,3,3,5-hexamethyl Indan

See also Hon. Benjamin A. Gilman under H.R. 1765

June 11, 1991

Mr. Robert J. Leonard, Esq.
Chief Counsel
House Committee on Ways and Means
U.S. House of Representative
Room 1102
Longworth House Office Building
Washington, D.C. 20515

RE: H.R. 1767

Dear Mr. Leonard:

This statement is submitted on behalf of Hercules, Incorporated ("Hercules") in response to the May 14, 1991 Press Release requesting written comment on certain miscellaneous tariff and trade bills. Hercules supports H.R. 1767, to suspend temporarily the duty on imports of 6-Acetyl 1,1,2,3,3,5-hexamethyl Indan ("Phantolid").

I. Hercules

Hercules, which is headquartered in Wilmington, Delaware, is a major chemical company engaged in the manufacture and sale of a widely diversified line of chemicals and allied products. These products are supplied to the agricultural, food, plastics, paper and other industries and to the United States Government.

II. Product Description and Uses

Phantolid is an artificial musk used in soaps, toiletries, cold wave preparations and chlorinated detergents. Hercules is the only U.S. importer of Phantolid which is manufactured by a subsidiary of Hercules in the Netherlands.

III. H.R. 1767

H.R. 1767, introduced by Mr. Gilman of New York, would temporarily suspend the Column 1 rate of duty for Phantolid classified under HTS 2914.30.00 "aromatic ketones without oxygen function." The legislation would amend Chapter 99, Subchapter II of the HTS by adding item [99 series] providing for duty-free entry for articles from countries entitled to most-favored-nation treatment until December 31, 1996. The current duty rate is 11.9 percent ad valorem.

IV. Justification for Suspension

There are no domestic producers of Phantolid. As the sole importer of Phantolid, enactment of a duty suspension would allow Hercules to expand its currently limited sales of Phantolid to U.S. consumer companies. In turn, the wide availability of this high quality product, at a competitive price, would ultimately benefit the retail consumer of products containing Phantolid.

V. **Estimated Effect on Revenue**

At current rates of importation (imports in 1991 and the out years are expected to be less than 2,000 pounds), the annual revenue loss would be approximately $2,000.

Sincerely yours,

Philip M. Vaughn
Vice President
International Business-
Government Counsellors
818 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20006

H.R. 1772

To extend the existing suspension of duty on bendiocarb and to provide retroactive application to such duty suspension

STATEMENT OF KENNETH D. MORRIS, ESQ.
SECRETARY AND GENERAL COUNSEL, NOR-AM CHEMICAL CO., WILMINGTON, DEL.

I. Introduction

Pursuant to the request of the Subcommittee on Trade for written comments of interested parties on the miscellaneous tariff bills, these comments are submitted in support of H.R.1772 by NOR-AM Chemical Company. H.R. 1772, a bill proposed by Congressman Guy Vander Jagt, would extend the current duty suspension on bendiocarb until December 31, 1994 and would apply retroactively to duties previously paid.

NOR-AM Chemical Company ("NOR-AM"), a diversified manufacturer and distributor of a wide range of herbicides, fungicides, plant growth regulants, defoliants, insecticides, and high grade nitrogen-based fertilizers in the United States, supports this legislation for several reasons and as set forth in greater length below. First, adoption of H.R. 1772 would enable NOR-AM to better compete in the international marketplace by allowing the Company to continue to provide the important health benefits of bendiocarb throughout its relevant markets. Second, the legislation would continue the suspension of duties on a product which is essentially American made. In so doing it would continue the treatment sanctioned by the 101st Congress, 2nd Session as enacted in the Customs and Trade Act of 1990 at Title III, Section 384. Third, adoption of this legislation would allow NOR-AM to recapture retroactively those duties paid on bendiocarb between 1985 and the passage of the Customs and Trade Act of 1990.

II. Relevant Market and Product Benefits.

Statements in support of legislation exempting duty on bendiocarb have previously been published by the Subcommittee on Trade, 100th Congress, 2nd Session (Volume IV) and the 101st Congress, 1st Session (Volume I) and those comments are incorporated herein by reference as set forth at length herein. As noted in those comments, bendiocarb is a patented and proprietary product belonging to NOR-AM Chemical Company and its affiliated companies. The product was first sold in the United States following its registration in 1975. NOR-AM has successfully manufactured and marketed bendiocarb-based products since its Michigan plant was operational in September, 1977.

Bendiocarb is the proprietary active ingredient supporting a wide range of products which are sold into public health markets, turf and ornamental markets, private labeling turf and ornamental uses, dust formulations, mosquito and malaria control and various overseas applications having multiple public health applications. In the United States, bendiocarb is the active ingredient used in manufacturing Turcam®, Ficam® W, Ficam® D, and Ficam® Plus®, all proprietary products of NOR-AM. Bendiocarb and its related products are used for the control of pests such as cockroaches, spiders, fleas, ticks, etc. Bendiocarb has been estimated to have been used in tens of millions of different types of structures and is particularly useful in sensitive applications such as airplanes, restaurants, and nursing homes due to its safe characteristics, low volatility and odorless nature.

Ficam controls eighty-three different urban pests and has been found to have multiple applications in residents, apartments, and other buildings. It is applied exclusively by certified pest control companies operating independently throughout the United States. There are currently estimated to be in excess of 11,000 pest control companies in the United States alone who use Ficam from time to time. Overseas, bendiocarb has a variety of uses, including but not limited to, public health control under the auspices of the World Health Organization for use in malaria eradications where mosquitoes are prevalent.

NOR-AM's Michigan plant is the only worldwide producer of bendiocarb. Although NOR-AM has, beginning in 1977, manufactured bendiocarb from start to finish at its Michigan plant, since 1985 due to the domestic unavailability of a key raw material the Company has been forced to manufacture only an intermediate product and ship it overseas for final manufacture of the active ingredient, bendiocarb. Bendiocarb is then shipped back to Michigan in drums as a dry powder where it is packaged and formulated into final products, Turcam, Ficam W, Ficam D, and Ficam Plus.

III. Legislative Background and Present Need for Continuation

Understandably, at the time of entry into the territory of the United States, the full dutiable value of bendiocarb must be declared. In view of the fact that in excess of 85% of the declared value of the product is directly attributable to manufacturing operations performed by the Company at its plant in Michigan, the duty that would be assessed would be, in essence, assessed on a product predominantly American-made. Congress in its wisdom saw the inequities in extracting such a duty (6.8% ad valorem at time of passage) and suspended further duty on bendiocarb, effective October 1, 1990 through December 31, 1992.

Legislation originally proposing the suspension of duties on bendiocarb imports for a five-year period was introduced in the second quarter, 1987. NOR-AM submitted comments in favor of the legislation and those comments were a part of the public record as noted above in the written comments of the Subcommittee on Trade of the 100th Congress, 2nd Session and 101st Congress, 1st Session. At no time was this legislation controversial, a fact which is not surprising since the product is made exclusively by NOR-AM and has extensive patent coverage.

Continuation of the duty suspension status is necessary for at least the period expiring December 31, 1994 in order to prevent the imposition of duties on an American-made product and to be able to continue to offer this product for public health purposes throughout the United States and in overseas markets on as competitive a basis as possible.

IV. Description of H.R. 1772.

A) The Provisions

This legislation would exempt bendiocarb from duty for a further two-year period from 12/31/92 to 12/31/94 and would allow the duty exemption to be applied retroactively to those duties paid prior to the passage of the Customs and Trade Act of 1990. Specifically, between 1985 (the first year during which NOR-AM was forced to export the intermediate made in Muskegon overseas for final production into bendiocarb) and 1990, NOR-AM paid duties as set forth below on imported bendiocarb:

Year	Rate of Duty	Duty Paid
1985	8.6% ad valorem	$ 98,013
1986	7.6% ad valorem	$212,714
1987	6.9% ad valorem	$176,499
1988	6.9% ad valorem	$263,623
1989	6.8% ad valorem	$221,269
1990 (until 10/1/90)	6.8% ad valorem	$133,828
	Total	$1,105,946

When the reasons supporting the original duty-free treatment are considered, particularly in view of the several years delay between introduction of the earlier legislation and the final expression of Congress' will by passage of the Customs and Trade Act in 1990, it is clear that the logical extension of that Congressional intent would also mandate that the same protection be afforded to this American-made product when it was imported in the prior years.

B) The Equities Compel Passage

As noted in previous comments filed with the Subcommittee on Trade in the 100th and 101st Congress, no applicable provision of the customs laws of the United States (absent this legislation) will allow any reduction in the duties assessed on bendiocarb imports. The strong equitable arguments advanced at the time duty-suspension legislation was originally proposed apply with equal vigor now.

Surely, Congress realizes the inequities inherent in extracting a penalty. The 1990 passage of the Customs and Trade Act signaled that recognition and by this legislation Congress has again the opportunity to afford equitable treatment to an American manufacturer paying each year millions in taxes, wages, and benefits while at the same time endeavoring to remain competitive and expand its production base at its Michigan plant and secure larger market share.

Failing to continue the duty suspension for bendiocarb will mean, simply put, that for every $1.00 which the Company is required to pay in duty, at least 85¢ is directly and exclusively attributable to the value added during manufacturing operations conducted in Michigan. In other words, in the absence of continued duty-free treatment for bendiocarb upon its importation after final manufacture overseas, all domestic manufacturing operations represent dutiable activities because they are exclusively devoted to making the intermediate which must then be shipped overseas for final production into bendiocarb.

Just as failing to continue duty-free treatment would impose an unfair burden, so failing to recognize that burden retroactively would be equally inequitable and anti-competitive in its effect. Only by this legislation can the Company be relieved of the production cost inequities experienced prior to the 1990 passage of the Customs and Trade Act when duty was paid on what is essentially an American-made product.

Nor is passage of this legislation inconsistent with the intent and purpose of the budgetary process itself. While revenue neutrality is the object, the underlying premise to which all subscribe endorses legislative remedies not only because they may promote competitiveness, jobs, and domestic (as opposed to overseas) production, but also because that legislation is distinctively "American" because it is the fair and right thing to do. Retaining duty payments remitted prior to passage of the Customs and Trade Act of 1990, the assessment of which would have been illegal if made after October 1, 1990 (the effective date of the Act) will, we believe, strike most readers as simply wrong. This legislation presents that vehicle for the expression of the same Congressional intent manifested when the Customs and Trade Act was passed and would allow the recoupment of those duties.

C) **This Legislation is Not Controversial.**

As noted above, NOR-AM Chemical Company is the sole manufacturer of bendiocarb and, due to its patent protection in the United States and throughout the world, enjoys the ability to exclusively service the public health, pest control, and turf and ornamental markets with superior bendiocarb-based products. No opposition was raised to similar legislation introduced in the 100th and 101st Congress; nor has the Company received to date any written or oral expression of opposition to H.R. 1772, and the Company believes none will arise.

V. **Summary and Conclusions.**

For all of the foregoing reasons and for the reasons set forth in the written comments submitted to the 100th Congress, 2nd Session and 101st Congress, 1st Session, it is respectfully submitted that this legislation should be passed and sent to the President at the earliest opportunity prior to expiration of the current duty suspension on December 31, 1992. The public health and consumer benefits of these products have been amply demonstrated over the course of many years. Passage of this legislation is fundamentally fair and consistent with Congress' well-founded intent to promote U.S. manufacturing and secure U.S. jobs and plant facilities. Enactment of this legislation would also remedy previous inequities by allowing a U.S. manufacturer to compete more effectively internationally.

For all of these reasons, it is respectfully submitted that H.R. 1772 be adopted as soon as practicable.

KDM:kbm/2746

H.R. 1778

Relating to the effective period of duty exemptions for certain foreign repairs made to United States vessels

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American Institute of Merchant Shipping
1000 16th Street, N.W., Suite 511, Washington, D.C. 20036-5705
Telephone (202) 775-4399 FAX (202) 659-3795

June 10, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515-6348

Dear Mr. Leonard:

The American Institute of Merchant Shipping (AIMS) is a national trade association representing 24 U.S.-flag carriers which own or operate approximately eleven million deadweight tons of tankers, dry bulk carriers, containerships, and other oceangoing vessels engaged in the domestic and international trades of the United States.

AIMS supports H.R. 1778 to continue the amendment to the Vessel Repair statute enacted in 1990 which exempts certain spare parts from the 50% ad valorem duty. In 1990 an exemption was created for vessel spare repair parts. The exemption would be effective until December 31, 1992. H.R. 1778 would remove the expiration date for the amendment, allowing the exemption to extend beyond December 31, 1992.

AIMS fully agrees with such a measure and stongly supports H.R. 1778.

Sincerely,

Ernest J. Corrado

Ernest J. Corrado
President

cc: Congressman Billy Tauzin

STATEMENT OF MICHAEL M. MURPHY, VICE PRESIDENT GOVERNMENT AFFAIRS, AMERICAN PRESIDENT LINES

My name is Michael M. Murphy and I am Vice President Government Affairs for American President Lines ("APL").

APL is the vessel operating subsidiary of American President Companies ("APC"). APL strongly urges the Committee and the Congress to enact H.R. 1778, Representative Tauzin's bill to extend indefinitely the provisions of 19 U.S.C. § 1466(h) beyond their current expiration date of December 31, 1992.

APL is a leader in moving containerized cargo across the Pacific and Indian Oceans with its fleet of 23 domestic and foreign-built U.S.-flag vessels. This is complemented by the nation's largest double-stack train system, a trucking capability and advanced information and logistics systems. All told, APC offers the most advanced container transportation and distribution services within and between Asia and North America.

As can be expected, APL periodically requires spare repair parts and materials for its vessels. APL has on occasion imported vessel spare parts and materials and has paid appropriate duty under the Harmonized Tariff Schedule of the United States. Pursuant to 19 U.S.C. § 1466(h), such parts and materials have been exempt from the general 50% ad valorem duty on equipment or materials purchased abroad by U.S.-flag vessel operators.

APL repeatedly has testified regarding the relatively higher costs imposed upon it and other operators of U.S.-flag vessels and the deleterious effect this has had on the health and vitality of the American merchant marine. The 1990 amendment to the vessel repair duty statute has provided APL and other U.S.-flag vessel operators with a small modicum of relief and has assisted them in their efforts to compete with the numerous foreign lines who currently carry 80% of American's foreign liner trade.

Accordingly, I strongly support making permanent subsection (h) and urge enactment of H.R. 1778.

Statement of Crowley Maritime Corporation in Support of H.R. 1778

In 1990, Congress enacted an amendment to the Vessel Repair statute (19 U.S.C. 1466) which exempts vessel spare repair parts from the 50% ad valorem duty on equipment or materials purchased abroad by U.S.-flag vessel operators. Customs has since interpreted the 1990 amendment to apply to all spare repair parts (a) delivered to U.S.-flag operators in the Untied States by air or vessel, or (b) purchased by a U.S. vessel in the course of a foreign voyage and entered as an uninstalled spare part upon the vessel's return to the United States, provided, the applicable commodity rate of duty is paid on those imported parts when they first enter the United States.

When the 1990 amendment was adopted, Congress applied a December 31, 1992 cut-off date to that provision, as it did to almost all other Customs and duty provisions contained in the 1990 omnibus tariff bill.

H.R. 1778 would, appropriately, eliminate the cut-off date.

The bill passed in 1990 rectified a gross inequity in which repair parts purchased in a foreign country, which typically are available only in the foreign country, and brought to the United States, were subject once to the normal import duty and then subject later to a 50% ad valorem duty if installed outside the United States. Administration of the regulation prior to passage of the 1990 Act was horrendous and the double taxation inequitable.

The benefit to the U.S. Merchant Marine over time is significant.

Crowley Maritime Corporation urges the passage of H.R. 1778.

Jack M. Park
Vice President
Governmental Relations

BEFORE THE
SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

WRITTEN COMMENTS ON CERTAIN
TARIFF AND TRADE BILLS IN RESPONSE
TO SUBCOMMITTEE'S NOTICE OF MAY 14, 1991

STATEMENT OF INTERNATIONAL SHIPHOLDING CORPORATION, CENTRAL GULF LINES, INC., FOREST LINES, INC. AND WATERMAN STEAMSHIP CORPORATION *IN SUPPORT* OF H.R. 1778 (MR. TAUZIN)

Summary

This statement is submitted by International Shipholding Corporation (ISC), Central Gulf Lines, Inc. (Central Gulf), Forest Lines, Inc. (Forest Lines) and Waterman Steamship Corporation (Waterman) *in support of H.R. 1778*, a bill introduced by Representative Tauzin to extend the recent 1990 amendment to the Vessel Repair statute which exempted LASH barge repairs and vessel spare parts from that statute's oppressive 50% *ad valorem* duty. Unless H.R. 1778 is enacted, the 1990 amendment, which is critical to all segments of the U.S. merchant marine, will expire on December 31, 1992.

Introduction

In its first report to the President and Congress dated September 30, 1987, the Commission on Merchant Marine and Defense concluded that the nation's liner fleet has "been slipping badly during recent years".[1] Consisting of 18 major companies with a total of more than 430 ships in 1970, the industry has shrunk to only a handful of companies operating less than 90 ships, including fewer than a dozen mother LASH vessels. As recently as late 1986, one of the largest liner companies — United States Lines — discontinued operations and filed for bankruptcy.[2] The Commission on Merchant Marine and Defense thus reported to the President and Congress on September 30, 1988:[3]

> "The deteriorated condition of America's maritime industries continues to present a growing danger to national security. In the absence of clear, decisive action to address the worsening situation, the United States cannot consider its interests in freedom secure.
>
> "The Commissioners remain in unanimous agreement that major governmental effort is urgently required,

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[1] See First Report of the Commission on Merchant Marine and Defense, at p. 11.

[2] *Id*.

[3] See Third Report of the Commission on Merchant Marine and Defense, at p. 1.

indeed long overdue, to revise our national objectives, policies and commitments in order to reverse the decline of the strategic sealift capability of the maritime industries."

In this regard, a tariff law — the Vessel Repair statute (19 U.S.C. 1466) — is high on the list of plainly outdated federal statutes which are making it impossible for the U.S. liner industry to operate competitively, efficiently and profitably. Before Congress enacted the 1990 amendment to that statute, its provisions flagrantly discriminated against all U.S. LASH operators, and it imposed a debilitating 50% tariff on all spare parts and repair parts purchased by U.S. vessel operators in foreign countries, even in cases where those parts could not be purchased in the United States. And, in order to enforce compliance with those ill-conceived tariff requirements, the U.S. Customs Service added insult to injury, so to speak, by subjecting the U.S. vessel operators to stringent, costly, extremely burdensome record-keeping rules and regulations.

Extension Of The 1990 Amendment Is Vital To Prevent The Reincarnation Of Unfair, Costly Tariff Discrimination Against U.S. LASH Operators.

Some of the surviving U.S. liner companies operate containerships, i.e. large mother vessels which transport cargoes in various types of containers, principally over-the-road boxes or trailers. Other liner companies, however, utilize the LASH system of ocean transportation. They operate large mother LASH vessels which transport cargoes in LASH (Lighter-Aboard-Ship) barges. The barges, of course, serve the same purpose as the other types of containers carried by containerships.

Prior to the 1990 amendment, however, the Vessel Repair statute (19 U.S.C. 1466) discriminated against LASH barge containers in the following manner: Under the statute, LASH barge containers were subject to ad valorem duty at the high 50% rate when, during the course of foreign voyages, they were necessarily repaired or their U.S. operators purchased barge repair parts or equipment. Simultaneously, 19 U.S.C. 1466 was completely inapplicable to and imposed no duty whatsoever on foreign repairs to, or foreign parts purchased for, other types of cargo containers utilized by competing containerships. This discrimination placed LASH operators at a substantial economic and competitive disadvantage because they regularly competed for available cargoes with both U.S. containership operators and foreign-flag vessel operators generally, neither of whom were subject to the container repair 50% duty requirements of 19 U.S.C. 1466.

Moreover, prior to the 1990 amendment, supporting regulations issued by the U.S. Customs Service under 19 U.S.C. 1466 imposed extremely burdensome and costly record-keeping requirements on LASH operators from which competing containership and foreign vessel operators were totally exempt. In this regard, Central Gulf, Forest Lines and Waterman, for example, operate a total of nine mother LASH vessels, but under the LASH system, those nine vessels must have a supporting complement of more than 1,600 LASH barge containers. These hundreds of barges, serving as cargo containers, periodically leave and enter the United States aboard their mother LASH vessels, so the administrative work necessary to keep abreast of Customs' LASH barge inspection, reporting, duty and penalty requirements prior to the 1990 amendment was truly voluminous and expensive. Indeed, the three companies had to employ a special staff of regular employees (plus supporting personnel) simply to handle the continuous load of extra paperwork.

The record before Congress in 1990 demonstrated that, because the U.S. Customs Service also had to continuously enforce the statute's requirements against hundreds of LASH barges, Customs was necessarily spending a disproportionate amount of its own collection and supervisory budget under 19 U.S.C. 1466 on LASH barge activities.[4] Thus, the net federal revenues gained annually from the aforesaid statutory discrimination against LASH barges was minimal at best.

Furthermore, the record before Congress in 1990 indicated that 19 U.S.C. 1466's application to LASH barges was totally unnecessary for the protection of U.S. shipyards. The three major U.S. LASH operators mentioned above testified that they have a fixed management policy which requires that, except when emergencies occur overseas and foreign repairs or equipment purchases cannot be avoided, all work on LASH barges is done in domestic shipyards where the companies themselves can directly oversee, control and inspect the repairs, and thereby limit expenditures. Indeed, at the present time, domestic yards are in the process of performing millions of dollars of major repair and refurbishment work on hundreds of LASH barges operated by those three companies.

Since the 1990 amendment has been in effect for only a short period of time, there is no reason whatsoever for Congress to reinstate all of the aforesaid gross discrimination against U.S.-flag LASH barges before the new amendment has a chance effectively to operate. Accordingly, it is essential for the Committee to approve H.R. 1778.

Extension of the 1990 Amendment Is Also Imperative To Prevent Reinstatement Of The Spare Parts Dilemma Which Previously Existed Under The Vessel Repair Statute

Large ocean liner vessels must carry thousands of spare parts or repair parts which can be utilized, where and when necessary, on long voyages or during port calls in foreign countries. Prior to the 1990 amendment to 19 U.S.C. 1466, all U.S.-flag vessel operators were confronted with a costly spare parts nightmare under the Vessel Repair statute. Prior to the 1990 amendment, spare parts and repair parts manufactured or produced in the United States — and installed overseas by a vessel's regular crew — were not subject to duty. But, if those American-made parts were installed in a foreign shipyard, they automatically and unfairly became subject to duty at the high 50% ad valorem rate, together, of course, with the foreign installation costs.

Moreover, as the Committee knows, in recent years for economic reasons many U.S.-flag vessels were necessarily built in foreign shipyards. In those instances, many spare parts or repair parts for those foreign-built vessels simply could not be obtained in the United States and had to be purchased abroad. The supply of parts obtained when newly-acquired foreign-built vessels are documented under the U.S.-flag are not subject to duty under the Vessel Repair statute, but parts thereafter necessarily purchased from foreign suppliers were, prior to the 1990 amendment, dutiable at the high 50% rate when they entered the United States aboard the vessel itself. Prior to the 1990 amendment, if the vessel operator ordered those same parts for delivery, by air or other vessel, in the United States, those parts were dutiable at far lower commodity rates upon their entry into the United States. However, prior to the 1990 amendment, those same spare parts were subject to "double duty" if they were later installed on a U.S.-flag vessel overseas.

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[4] See Subcommittee on Trade, Ways and Means Committee, Committee Print 101-32, Volume IV, 6/25/90 at p. 22.

All of those unfair, confusing, senseless, burdensome, costly duty requirements — even "double duty" requirements — which were outlawed by the 1990 amendment to 19 U.S.C. 1466, will immediately return to plague all U.S.-flag vessel operators unless H.R. 1778 is favorably reported by this Committee and enacted by Congress. Clearly, there can be no justification for vague, impossible-to-administer duty impositions of this kind at a time when the U.S.-flag merchant marine is literally struggling to survive and when many spare parts required by U.S. vessels are not even manufactured in the United States.

Conclusion

When the 1990 amendment was before Congress last year, it was vigorously supported by all segments of the U.S. merchant marine — labor and management alike. No objections were filed by any industry source, and the 1992 termination date was temporarily inserted solely to enable the United States Trade Representative to continue to attempt to negotiate a shipyard subsidy agreement with the major foreign shipyard nations. So far, no such agreement has been negotiated, but the Trade Representative has more than another year to try. If by the end of 1992, a shipyard subsidy agreement is not in place, then clearly it will be fair and proper to remove the temporary cut-off date from the 1990 amendment to the Vessel Repair statute.

Accordingly, for these reasons, and those which supported the 1990 amendment itself, we urge the Committee to approve H.R. 1778 and to support its enactment this year.

Respectfully submitted:

June 12, 1991

Edward L. Merrigan,
Jones, Walker, Waechter, Poitevent,
Carrère & Denègre, Attorneys for
International Shipholding Corporation,
Forest Lines, Inc.,
Central Gulf Lines, Inc. and
Waterman Steamship Corporation
1776 I Street, N.W., Suite 245
Washington, D.C. 20006
202-828-83631

Maritime Institute for Research and Industrial Development

MIRAID

1133 Fifteenth Street, N.W. • Suite 600 • Washington, D.C. 20005-2783
(202) 463-6505 Telex 69-71745 Telefax (202) 223-9093

June 12, 1991

C. JAMES PATTI
President

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

RE: HR 1778

Dear Mr. Leonard:

The Maritime Institute for Research and Industrial Development (MIRAID) wishes to convey its strong support for HR 1778, legislation relating to the period of duty exemptions for certain foreign repairs made to United States vessels. This bill, introduced by Congressman Billy Tauzin, would extend the applicable period beyond December 31, 1992.

MIRAID is a non-profit association whose member companies operate United States flag vessels in all aspects of our nation's foreign and domestic commerce. Several of MIRAID's members operate Lighter Aboard Ship (LASH) vessels. The action taken by Congress in 1990 is extremely important to the United States-flag merchant marine. It recognizes the uniqueness of LASH barge operations and properly exempts these barges from the 50 percent ad valorem repair duty. Congress understood that LASH barges function like cargo containers rather than as vessels and, as such, should not be classified as vessels subject to the duty. The nature of LASH operations is exactly the same as in 1990 and American-flag LASH operators still deserve to have this exemption, and to have it extend beyond the existing December, 1992 expiration date.

Equally important, the exemptions from the 50 percent duty for certain foreign repair parts and materials for use aboard a United States-flag vessel should likewise be extended. This provision, as enacted in 1990, guarantees that if a duty has been paid on parts or materials under the appropriate commodity clarification of the Harmonized Tariff Schedule, the vessel owner shall not have to pay a duty again on the same parts or materials. To do otherwise would simply serve to further lessen the ability of American vessel owners to maintain their ships and to operate United States-flag ships efficiently.

It is patently unfair to impose a multiple duty for the same foreign purchases on vessel owners. This exemption too should be extended beyond the existing December, 1992 expiration date.

By approving HR 1778, the Subcommittee on Trade and the Committee on Ways and Means have an opportunity to assist the United States-flag merchant marine. American vessel owners will know they can continue to operate and maintain their vessels in a most efficient and equitable manner. Again, MIRAID urges favorable action on HR 1778.

Sincerely,

C. James Patti
President

STATEMENT OF

C.E. "GENE" DEFRIES
PRESIDENT, NATIONAL MARINE ENGINEERS' BENEFICIAL ASSOCIATION

AND

J.P. WALTERS
EXECUTIVE DIRECTOR, AMERICAN MARITIME CONGRESS

On behalf of the National Marine Engineers' Beneficial Association (AFL-CIO), our nation's largest maritime union representing both licensed officers and unlicensed crew members aboard U.S.-flag vessels, and on behalf of the American Maritime Congress, a research and educational organization representing over 100 U.S.-flag ship operating companies in both the domestic and international trades, we are pleased to have an opportunity to express our support for H.R. 1778, legislation introduced by Congressman W.J. Tauzin that would extend the effective period of duty exemptions for certain foreign repairs made to United States vessels.

The 101st Congress passed the Customs and Trade Act of 1990 which contained a provision eliminating the 50 percent ad valorem duty for foreign repairs then imposed upon operators of U.S.-flag LASH (lighter aboard ship) barges. This provision, as currently enacted into law, is scheduled to expire on December 31, 1992. Congressman Tauzin's bill would extend indefinitely this law thus ensuring equity among U.S.-flag operators of LASH barges and of ships using containers.

Congressman Tauzin's bill is important because LASH barges serve the same function as containers. Cargo is loaded into the barge which is then transported to the port and then lifted onto the mothership for ocean transport in exactly the same fashion as other forms of cargo containers. However, LASH barges are defined as "vessels" under the Customs statute, and, prior to enactment of the Customs and Trade Act of 1990, were subject to the 50 percent tax. This placed LASH operators at an economic disadvantage. Allowing the provision to sunset would again place U.S.-flag operators of LASH barges in the same unreasonable and unfair situation in which they found themselves prior to enactment of the Customs and Trade Act of 1990.

As we all saw in the recent Persian Gulf war, the U.S.-flag fleet proved itself to be a vital national resource. The laws we enact should support this valuable industry rather than hinder its ability to compete equally with foreign-flag fleets. Today the U.S. merchant marine operates in a highly competitive, highly technological, global environment. The U.S. merchant marine must compete against state owned fleets, against fleets of low-cost nations, against fleets not subjected to the same standards and regulations, and against fleets backed by governments with direct outright assistance and with other forms of assistance that are subtle and highly effective in ensuring that their vessels are modern, with the latest technology, and have cargo to carry.

Today, as well, the U.S.-flag merchant marine is in desperate shape. U.S.-flag vessels carry only 4 percent of our nation's oceanborne imports and exports. The last thing we should do now is allow measures that hurt these vessels and their ability to compete.

We urge your full support for H.R. 1778.

Sea-Land Service, Inc.

Peter J. Finnerty
Vice President,
Public Affairs

June 7, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515-6348

Dear Mr. Leonard:

Sea-Land Service, Inc. is the largest American operator of containerships with 41 U.S.-flag vessels engaged in ocean transport providing scheduled service with more than sixty foreign countries, as well as with Alaska, Hawaii and Puerto Rico.

Therefore, Sea-Land strongly supports H.R. 1778, to continue the amendment to the Vessel Repair statute enacted in 1990 which exempts vessel spare repair parts from the 50% ad valorem duty on equipment or materials purchased abroad by U.S.-flag vessel operators. H.R. 1778 would eliminate the December 31, 1992 expiration date for the amendment and we fully agree with such action.

Sincerely,

Peter J. Finnerty

PJF/lam

cc: Congressman Billy Tauzin

TRANSPORTATION INSTITUTE

5201 Auth Way
Camp Springs, Maryland 20746
(301) 423-3335 (MD)
(202) 347-2590 (Wash., D.C.)
Telecopier (301) 423-0634

Pacific Coast Office
2505 2nd Avenue
Suite 720
Seattle, WA 98121
(206) 443-1738
Telecopier (206) 443-0917

JAMES L. HENRY
President

LAWRENCE H. EVANS
Director, Domestic Marine Affairs

WILLIAM D. LAWRENCE
Director, Pacific Coast Operations

ELIZABETH K. SIGEL
Director, Vessel Operations
and Maritime Initiatives

GERARD C. SNOW
Director, Government Affairs

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Senior Vice President
Sea-Land Service, Inc.
STEPHEN VAN DYCK
Chairman and Chief Executive Officer
Maritrans Operating Partners, L.P.
EDWARD P. WALSH
President
Waterman Steamship Corporation

June 10, 1991

The Honorable Sam Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

The Transportation Institute, representing over 140 U.S.-flag shipping companies engaged in the nation's foreign and domestic waterborne commerce, strongly supports H.R. 1778, a bill extending indefinitely a 1990 amendment to the Tariff Act exempting vessel repair parts from a 50 percent *ad valorem* duty on equipment or materials purchased abroad by U.S.-flag vessel operators. In addition, the 1990 amendment eliminated the duty from Lighter-Aboard (LASH) barges used as containers.

Prior to the 1990 legislation, LASH vessels were subject to the *ad valorem* duty on necessary replacement equipment or repairs procured in foreign shipyards. LASH vessels were placed at a severe competitive disadvantage, not only with U.S.-flag container vessels, but with foreign vessels as well. The 1990 amendment equalized tariff laws governing LASH barges with those covering other forms of cargo containers.

Extension of the 1990 amendment exempting vessel repair parts from the *ad valorem* duty is only fair and equitable. Vessel owners are still subject to a duty under the appropriate commodity classification on parts and materials at the time of their first entry into the United States and the full duty continues to apply to all labor costs associated with the foreign installation of parts and materials. Enactment of the 1990 amendment merely served to make more equitable U.S. tariff policies. Its extension is justified.

Sincerely,

James L. Henry

James L. Henry

JLH/tn

. . . Working for a Strong American Maritime Capability

H.R. 1781

To suspend temporarily the duty on certain house slippers, and for other purposes

See also United Food & Commercial Workers International Union under H.R. 1385

COMMENTS IN SUPPORT OF H.R. 1781 (MR. BEILENSON) SUBMITTED BY INTER-PACIFIC CORPORATION

In accordance with the invitation of the Chairman, Subcommittee on Trade, Committee on Ways and Means, contained in the Subcommittee Release of May 14, 1991, we have the pleasure of submitting this testimony for the record in support of H.R. 1781, introduced by Mr. Beilenson on our behalf.

Inter-Pacific Corporation is a small family-owned business which has been engaged for many years in the importation, sale and distribution of moderately priced footwear. Our executive offices are located in Los Angeles, California.

BACKGROUND

The Trade and Competitiveness Act of 1988, Public Law 100-418, gave effect to a revised Tariff system known as the Harmonized Tariff Schedule of the United States. As a result, Tariff nomenclature and commodity classification of merchandise imported into the United States were brought into conformity with the nomenclature and commodity classification of virtually all of the trading partner nations engaged in international trade with the United States. The HTS, which became effective January 1, 1989, was the culmination of many years of drafting and study by the United States International Trade Commission and other Federal agencies, undertaken in response to Congressional mandate. The express purpose of the new Tariff System was to harmonize Tariff nomenclature and commodity classification. The purpose was not to increase Tariff rates on merchandise imported into the United States. Where rates of duty would be increased as a result of the adoption of the new system of commodity classification, efforts were made by the drafters of the new Tariff system to eliminate or ameliorate those increases through adjustment in Tariff language or the adoption of average rates of duty where two or more Tariff classification provisions under the prior Tariff Schedules were combined into one Tariff category under the new Harmonized Tariff System.

As a consequence of the adoption of the new Tariff provisions covering footwear under HTS, a certain type of ladies' house slippers imported by our company from China has suffered an increase in Customs duty of 500%. These slippers were previously classified and assessed duties under Item 700.74, Tariff Schedules of the United States, at 7.5% ad valorem. Under the adopted HTS System, the same slippers are assessed Customs duty at 37.5% ad valorem under Subheading 6404.19.35, Harmonized Tariff Schedule of the United States. This enormous increase in Customs duties on a product which has been imported by Inter-Pacific Corporation for more than ten years with duty assessed at 7.5% ad valorem, is the result of inadvertent drafting of the new Tariff language.

Inter-Pacific Corporation was unaware that its importations of this product, beginning January 1, 1989, would be assessed this extraordinary Customs duty increase until it was notified by the United States Customs Service, Los Angeles, on May 3, 1989, that all of its importations of this merchandise would be assessed duty at 37.5% ad valorem, retroactive to January 1, 1989. Prior to receiving this notice from the Customs Service, Inter-Pacific Corporation had imported six shipments of the house slippers in question and had committed contracts for the purchase of additional shipments which could not be cancelled. These house slippers were, of course, purchased, imported, and sold by the company under the assumption that the rate of duty of 7.5% ad valorem which had been assessed on this merchandise over the prior ten years would continue to apply. A retroactive increased duty assessment of approximately $300,000 was assessed on shipments of these house slippers covered by committed purchase contracts in 1989.

In addition, our company was forced to discontinue further importations of these house slippers because the increase in Customs duty was so enormous that it would have been unconscionable to have passed this cost on to consumers through increased prices. Consequently, a reasonably priced women's house slipper, available to consumers in the United States for more than a decade, has been removed from the market place.

H.R. 1781

H.R. 1781, introduced by Mr. Beilenson on behalf of our company, would restore the rate of Customs duty on these house slippers to 7.5% ad valorem, the rate of duty in effect prior to January 1, 1989, the effective date of the HTS. This provision would make that duty rate restoration effective January 1, 1989, thereby enabling our company to recover the excess Customs duties which we paid in 1989 on importations of this slipper. In addition, the restoration of the 7.5% duty rate would enable our company to once again import and sell these slippers.

The language of H.R. 1781 is very narrow in scope. The 7.5% ad valorem duty rate does not apply to all house slippers, but only to those slippers with the construction features and material composition specified. H.R. 1781 would not, for instance, have any impact upon the Customs duty assessed on imported leather or plastic house slippers.

DOMESTIC PRODUCTION

We believe that of all of the house slippers sold in the United States, less than 5% is manufactured in the United States, and virtually all of these domestically produced house slippers are composed entirely of leather or plastic. We believe there is no domestic production whatsoever of the kind of house slippers covered by the provisions of H.R. 1781, which restores the Customs duty to 7.5% ad valorem.

CONSUMER DEMAND

We believe that our company is the principal single importer and distributor of the ladies' house slippers in question. During calendar year 1988 we imported 730,000 pairs of these slippers. During calendar year 1989 our company imported 680,000 pairs before we discontinued marketing this merchandise. We believe these data establish a significant consumer demand for these slippers, a demand which has and will go unfulfilled as long as the 500% duty increase inadvertently imposed upon this merchandise by the adoption of the Harmonized Tariff Schedule remains in effect.

We sincerely appreciate the opportunity of presenting these views in support of H.R. 1781. We will, of course, respond to any request of the Subcommittee for additional information on this subject.

Respectfully submitted,

INTER-PACIFIC CORPORATION

By
Frank G. Arnstein
Vice President

Dated: May 28, 1991

Comments of the Rubber and Plastic Footwear Manufacturers Association in opposition to HR 1781 to Suspend the Duty on Certain House Slippers.

The Rubber and Plastic Footwear Manufacturers Association (RPFMA) is the spokesman for manufacturers of most of the waterproof footwear and rubber-soled, fabric-upper footwear produced in this country. The names and locations of the manufacturers appear in Appendix I.

HR 1781 is limited to a narrow classification of household slippers. These slippers are neither made by nor compete with the products of member companies of the RPFMA. Nonetheless, the RPFMA opposes the enactment of this bill for the following reason:

The United States is currently engaged in a multilateral trade negotiation known as the Uruguay Round. Among the objectives of this Round is the reduction of tariffs on a reciprocal basis. The footwear industry, and specifically the RPFMA, is cooperating with our Government in an effort to arrive at certain tariff reductions which would not destroy the ability of this domestic industry to compete. The unilateral reduction of any footwear duty outside the scope of the Uruguay Round narrows the opportunity to make a tariff offer which would call forth a reciprocal offer from our trading partners. Despite the product limitation in the bill in question, it would be an unfortunate precedent to take such unilateral action at this time and in this form.

Further, we would urge that if this bill is to be given serious consideration, no action should be taken on it without having held a public hearing in the course of which all interested parties would be given a fair opportunity to voice their views.

APPENDIX I

RUBBER AND PLASTIC FOOTWEAR MANUFACTURERS ASSOCIATION
(March, 1991)

Converse, Inc.
One Fordham Road
North Reading, MA 01864

Draper Knitting Co., Inc.
28 Draper Lane
Canton, MA 02134

Endicott Johnson
1100 East Main Street
Endicott, NY 13760

Frank C. Meyer Co.
585 South Union Street
Lawrence, MA 01843

Franklin Plastics
113 Prosaic Avenue
Kearney, NJ 07032

Genfoot America, Inc.
The Old South Building
11th Floor
294 Washington Street
Boston, MA 20108-4675

Kaysam Corporation of America
27 Kentucky Avenue
Paterson, NJ 07503-2597

Kaufman Footwear Corporation
700 Alicott Street
Batavia, NY 14020

LaCrosse Footwear, Inc.
P.O. Box 1328
LaCrosse, WI 54602-1328

New Balance Athletic Shoe, Inc.
38 Everett Street
Allston, MA 02134

Servus Rubber Co., Inc.
P.O. Box 36
Rock Island, IL 61204-0036

Tingley Rubber Corporation
P.O. Box 100
S. Plainfield, NJ 07080

H.R. 1783

To suspend temporarily the duty on fluorescent yellow R

H.R. 1784

To suspend temporarily the duty on fluorescent yellow FGPN

Mobay
A Bayer USA INC COMPANY

Dyes, Pigments and Organics Division

Mobay Corporation
Mobay Road
Pittsburgh, PA 15205-9741
Phone 412 777-2000

May 30, 1991
RGK05200

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
U. S. House of Representatives
1107 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

As a representative of Mobay Corporation's Dyes, Pigments, and Organics Division, I am writing to you concerning the matter of H. R. 1783, "To suspend temporarily the duty on Fluorescent Yellow R," and H. R. 1784, "To suspend temporarily the duty on Fluorescent Yellow FGPN."

As manufacturers and marketers of competitive products (C. I. Solvent Yellow 135 and Solvent Yellow 160), we would like to voice our objections to the proposed bills. Passage of these bills would materially affect our competitive position in this segment of colorants and likely result in loss of business.

We appreciate your consideration in taking this matter into account.

Sincerely,

Rolf G. Kuehni
Manager, Divisional Administration

H.R. 1785

To extend the existing suspension of duty on parts of aircraft generators

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No comments submitted.

H.R. 1786

To extend the existing suspension of duty on fresh, chilled or frozen brussel sprouts, and for other purposes

No comments submitted.

H.R. 1787

To suspend temporarily the duty on certain yellow coloring matter

No comments submitted.

H.R. 1788

To extend the existing suspension of duty on 4-Chloro-3-methylphenol

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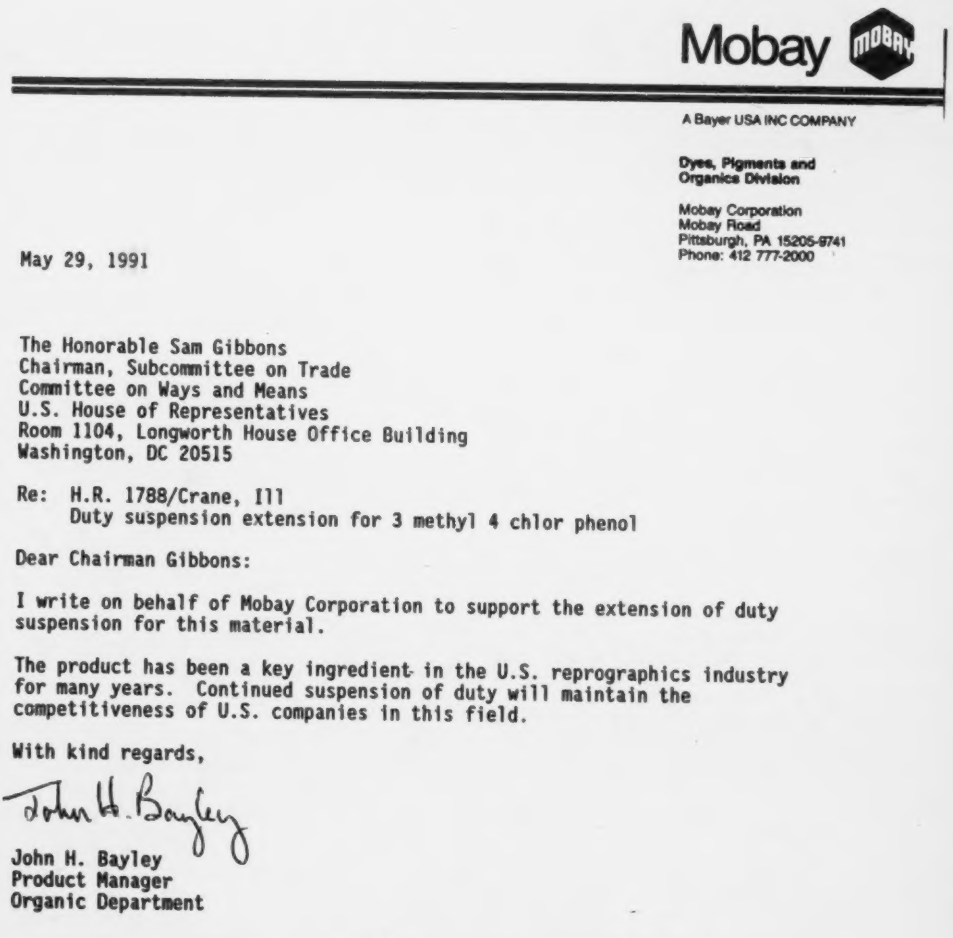

Mobay

A Bayer USA INC COMPANY

Dyes, Pigments and
Organics Division

Mobay Corporation
Mobay Road
Pittsburgh, PA 15205-9741
Phone: 412 777-2000

May 29, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Room 1104, Longworth House Office Building
Washington, DC 20515

Re: H.R. 1788/Crane, Ill
Duty suspension extension for 3 methyl 4 chlor phenol

Dear Chairman Gibbons:

I write on behalf of Mobay Corporation to support the extension of duty suspension for this material.

The product has been a key ingredient in the U.S. reprographics industry for many years. Continued suspension of duty will maintain the competitiveness of U.S. companies in this field.

With kind regards,

John H. Bayley

John H. Bayley
Product Manager
Organic Department

H.R. 1793

To suspend temporarily the duty on 4-(3,4-Dichlorophenyl)-1-tetralone

No comments submitted.

H.R. 1796

To extend until January 1, 1995, the existing suspension of duty on certain chemicals

---

Statement of Marion Merrell Dow Inc.

in Favor of Enactment of H.R. 1796

My name is Philip G. Ellsworth. I am the Vice President, International for Industry and Trade Affairs at Marion Merrill Dow Inc. I am submitting the following statement in support of enactment of H.R. 1796, a bill to extend temporary duty suspensions for the chemicals described below.

I. Marion Merrell Dow

Marion Merrell Dow is a leading provider of high-quality health care products in the United States and abroad. The company is based in Kansas City, Missouri; and has plants in Kansas City, Missouri and Cincinnati, Ohio.

II. The Products

H.R. 1796 would extend existing temporary duty suspensions for the following products:

(1) Clomiphene Citrate -- A crystalline powder used to produce the prescription medicament Clomid for treatment of ovulatory failure in certain women. The duty on this chemical was first suspended in 1984, and extended in 1988.

(2) Desipramine Hydrochloride -- A soluble crystalline powder, used as the active ingredient in production of the prescription medicament Norpramin, used in treating particular depressive syndromes. The duty was first suspended in 1984, and extended in 1988.

(3) Dicyclomine Hydrochloride -- A bitter crystalline powder, used as the active ingredient in the production of Bentyl, an antispasmatic which treats certain abdominal ailments. It is not made in the United States, and the suspension was first enacted in 1984, and extended in 1988.

(4) Diltiazem Hydrochloride -- An active ingredient used in the production of the prescription drug Cardizem and Cardizen SR. It is imported in both a crystalline powder and a sustained release form, normally dutiable at different rates. Cardizem is used in the treatment of angina, hypertension, and related cardiovascular disorders. The duty was first suspended in 1990.

(5) Lactulose -- A yellow syrup imported in concentrate with other sugars, used as the active ingredient in the manufacture of Cephulac, a colonic acidifier used in treatment of portal systemic encepualopathy. The duty was first suspended in 1984, and extended in 1988.

(6) Mepenzolate Bromide -- A cream colored powder used as the active ingredient in the medicament Cantil, which is used in adjunctive therapy in treatment of peptic ulcers. The duty was first suspended in 1984, and extended in 1988.

(7) Nicotine Resin Complex in chewing gum form -- This patented article marketed as Nicorette is imported in finished form, and is used as a temporary aid to give up cigarette smoking, while under medical supervision. The duty was first suspended in 1984, and extended in 1987 and 1990.

(8) Ornithine Ethyl Ester -- An intermediate used in the manufacture of the active ingredient for Ornidyl, Marion Merrell Dow's recently-approved drug for treatment of African Sleeping

Sickness and certain types of pneumonia. As it was recently approved by the FDA, import quantities have been limited to date, but increased requirements are expected. It is anticipated that almost all Ornidyl will be exported to West Africa. The duty was first suspended in 1988.

(9) Rifampin -- A crystalline powder used as the active ingredient in the production of Rifadin and Rifamate, antibiotics used in treatment of pulmonary tuberculosis. The duty was first suspended in 1984, and extended in 1988.

(10) Teicoplanin -- A glycopeptide antibiotic mixture, used to counter gram positive organisms. The duty was first suspended in 1990.

(11) Sucralfate -- A white crystalline powder used as the active ingredient in production of Carafate, used for the short term treatment of duodenal ulcers. The duty was first suspended in 1990.

(12) Clentiazem Maleate -- Known as TA 3090, this developmental chemical is a powder to be used for the production of medicaments which treat hypertension, angina, and other cardiovascular and cerebrovascular ailments. The duty was first suspended in 1990.

(13) Terfenadone -- The chemical precursor to the manufacture of terfenadine, the active ingredient in Seldane, which is used in the treatment of seasonal allergic rhinitis. The duty was first suspended in 1988, and extended in 1990.

(14) Terfenadine -- The active ingredient in the production of Seldane, most of which is now made by Marion Merrell Dow in the United States using imported terfenadone. A duty suspension extension for the active ingredient itself would allow the product to be imported without paying the substantial tariff, in the event the U.S. plant reaches capacity limits, or is otherwise restricted. The duty was first suspended in 1984, and extended in 1988.

III. Benefits of Extension of Duty Suspensions

The duty suspension for all of these chemicals has provided the benefits anticipated by Congress in their original enactment, and extension of these suspensions would permit the company to continue to produce the finished products in the most cost-effective manner.

These duty suspensions support production activity at Marion Merrell Dow's facilities in the United States; and, as in the case of Ornithine Ethyl Ester, promote exports. As these chemicals are not manufactured in the United States, continuation of the suspensions after the scheduled termination date -- December 31, 1992 -- would have no adverse consequences for domestic industry.

H.R. 1797

To suspend temporarily the duties on certain chemicals

MILES

Ralph C. Abrahams
Manager

Miles Inc.
400 Morgan Lane
West Haven, CT 06516
203-498-6497
FAX: 203-498-6585

June 6, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

This is written on behalf of FBA Pharmaceuticals, Miles Inc. to express strong support for suspending temporarily the duty on Mesalamine (also known as 5-amino salicylic acid) as proposed in House Bill H.R. 1797 sponsored by Representative Gradison.

FBA imports a highly refined grade of mesalamine from its German parent Bayer AG for direct distribution in the American market. The quality of the imported product is believed to be the best available and the best for its ultimate use.

The use fulfills a critical need in the health-care field for people suffering from ulcerative colitis. Ulcerative colitis is a long-term or chronic disease that can involve all or part of the large intestine causing inflammation, sores or ulcers of the lining of the intestine. Mesalamine forms the active ingredient in products developed to reduce the inflammation and heal sores or ulcers. The use is unique and requires the approval of FDA which was given in 1988.

Currently, mesalamine is dutiable at a rate of 3.7 cents per kilo plus 15.6 percent ad valovem.

Waiving this high rate of duty on an already expensive chemical product will greatly benefit the sufferers of the debilitating disease and will help to curb the nation's already high and escalating health-care costs. We urge the Committee to give favorable treatment to this request.

Thank you.

Sincerely yours,

Ralph Abrahams

Ralph Abrahams

FBA
Pharmaceuticals

Statement of Marion Merrell Dow Inc.
to the Subcommittee on Trade
in Favor of Enactment of H.R. 1797

My name is Philip G. Ellsworth. I am the Vice President, International for Industry and Trade Affairs at Marion Merrill Dow Inc. I am submitting the following statement in support of enactment of H.R. 1797, a bill to provide temporary duty suspensions for the chemicals described below.

I. Marion Merrell Dow

Marion Merrell Dow is a leading provider of high-quality health care products in the United States and abroad. The company is based in Kansas City, Missouri; and has plants in Kansas City, Missouri and Cincinnati, Ohio.

II. The Products

H.R. 1797 would provide temporary duty suspensions for the following four products:

(1) Methenamine Hippurate -- A hipuric acid salt of methenamine used as the active ingredient in the drug Hipprex, which is used for prophylactic or suppessive treatment of recurring urinary tract infections. The current duty rate is 7%, and the only comparable product is manufactured abroad.

(2) Pseudophedrine Hydrochloride -- A crystalline powder used as a decongestant in production of cough and cold medications. The current duty rate is 7.6%, and the only comparable product is manufactured abroad.

(3) Rifadin IV -- A semi-synthetic antibiotic derivative of rifampicin B, used as the active drug substance in production of Rifadin and Rifamate, which are used to treat pulmonary tuberculosis. A related imported substance, Rifampin, is also used in production of these products and is presently duty suspended, without adverse effects for any domestic producer. Rifadin IV is not produced by any other manufacturer worldwide, except Marion Merrell Dow's related foreign supplier. The current duty rate is 3.7%.

(4) Mesalamine -- Active ingredient for the medicament Pentasa, which will be used in the treatment of ulcerative colitis (it is currently in developmental stages). The current duty rate is 15.6%.

III. Benefits of Duty Suspension

All four of these substances are used in the production of finished pharmaceutical products in the United States and are not, to the best of Marion Merrell Dow's knowledge, made in the United States. Each is presently subject to subtantial duties, the suspension of which would permit the company to obtain and utilize these chemicals in the most cost-effective manner. A duty suspension would promote activity in Marion Merrell Dow's domestic production facilities, would not adversely affect any U.S. producer, and would have a negligible effect on U.S. tariff revenue.

H.R. 1798

To extend until January 1, 1995, the existing suspension of duty on certain umbrella frames

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MEMORANDUM IN SUPPORT OF H.R. 1798
AN EXTENSION OF THE EXISTING DUTY SUSPENSION FOR SELF-FOLDING TELESCOPIC SHAFT, COLLAPSIBLE UMBRELLAS

I. INTRODUCTION

These comments are submitted to the House Ways and Means Committee on behalf of TOTES, Inc. of Loveland, Ohio, in support of H.R. 1798, a bill to extend the existing duty suspension on self-folding telescopic shaft, collapsible umbrellas. The existing suspension on collapsible umbrellas was passed last year as part of the "mini-trade" bill. H.R. 1798 would extend the suspension of the 8.2% ad valorem United States Customs duties on imported self-folding telescopic shaft, collapsible umbrellas provided for under HTS heading 6601.91.00 until January 1, 1995.

II. DESCRIPTION AND USES

The heading "self-folding, collapsible umbrellas" includes only telescopic shaft-type umbrellas and not stick-type umbrellas. These umbrellas are used chiefly for protection against rain.

III. MANUFACTURE AND IMPORTATION

The industry situation has not changed since the passage of the original duty suspension. There is at present no known integrated umbrella making industry in the United States engaged in the manufacture of mass market telescopic shaft-type hand-held umbrellas or umbrella frames. Accordingly, restoring the pre-existing duty on imported telescopic shaft-type umbrellas, would serve no legitimate "industry protection" purpose.

Some U.S. companies are assembling certain "specialty" stick-type umbrellas in the United States using imported frames. For the most part, these firms manufacture beach, golf or other specialty umbrellas which are not directly competitive with telescopic shaft-type hand-held umbrellas. Thus, the extension of the duty suspension will not inflict harm on United States firms or workers.

Further, it should be noted that Congress passed, and is expected to shortly extend, legislation suspending the duty on imported umbrella frames. This measure, which TOTES does not oppose, provides a benefit to the firms engaged in United States stick-type umbrella assembly operations. To TOTES' knowledge, all of the firms assembling umbrellas in the United States from imported frames are also substantial importers of finished umbrellas. Accordingly, the proposed extension of the duty suspension for finished telescopic shaft-type umbrellas would benefit them as well, without placing them at any competitive disadvantage with respect to umbrellas which they may assemble in the United States. It is believed that virtually all umbrella frames imported into the United States are stick-type frames. There is no importation of telescopic shaft-type frames, or "topless" frames, as the process of affixing a fabric top to a self-folding frame is performed exclusively overseas.

TOTES canvassed major umbrella importers and assemblers with respect to the concept of the original duty suspension bill. These firms include Mespo Umbrella, D. Klein & Sons, Liberty Umbrella and Shaw Umbrella all of New York City; Aqua Sheen of Miami, Florida; and Shedrain of California. These firms - some of whom also assemble stick-type umbrellas in the United States with the use of imported frames - did not express opposition to the proposed legislation.

IV. COSTS/SAVINGS

In recent years, volume and value of hand-held umbrellas imported into the United States have risen steadily. In 1990 U.S. imports of only telescopic shaft-type umbrellas (HTS Heading 6601.91.00) were approximately 21,181,524 having a value of $38,519,735.00. Duties paid on umbrella imports were approximately $1,990,618.00 in 1990.

Totes has already benefitted greatly from the existing duty suspension on telescopic shaft umbrellas and, if passed, H.R. 1798 would continue to save umbrella importers approximately $3 million in duties annually. Totes will continue to pass savings resulting from the extension on to the American consumer. In addition, the savings would enable TOTES to continue to devote more resources to improving the competitiveness of its U.S. manufacturing operations, which manufacture a wide variety of products including rubber footwear of all types and safety grips for baseball bats and other sporting equipment.

V. CONCLUSION

There are no U.S. manufacturers of telescopic shaft-type umbrellas. Consequently, the extension of the temporary duty suspension will not cause injury to United States manufacturers or other United States business interests. An extension will result in continued savings for the United States umbrella industry which in turn, could be passed on to consumers.

For the foregoing reasons, TOTES, Inc. supports H.R. 1798 and requests that the Committee recommend its passage. TOTES and its representatives will be happy to respond to any questions or requests for further information about this matter.

Respectfully submitted,

International Business-Government
Counsellors
818 Connecticut Ave., N.W. Suite 1200
Washington, D.C. 20006

James Clawson

By: JAMES B. CLAWSON

H.R. 1803

To extend the existing suspension of duty on 6-t-Butyl-2,4-xylenol

No comments submitted.

H.R. 1804

To extend the existing suspension of duty on BPIP

No comments submitted.

H.R. 1805

To extend the existing suspension of duty on MBEP

No comments submitted.

H.R. 1806

To suspend temporarily the duty on certain heterocyclic compounds

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CIBA-GEIGY

CIBA-GEIGY Corporation
1747 Pennsylvania Ave., N.W.
Suite 700
Washington, D.C. 20006
202 293 3019

July 10, 1991

Mr. Robert J. Leonard
Chief Counsel/Staff Director
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6348

Dear Mr. Leonard:

The Additives Division of CIBA-GEIGY Corporation opposes the passage of H.R. 1806 which will eliminate the existing duty under the following headings: 990231.11, 9902.31.12, 9902.31.13, 9902.31.14. The Additives Division of the CIBA-GEIGY Group Companies manufactures functionally equivalent light stabilizers: Tinuvin 123, Tinuvin 440 and Tinuvin 292. While the Additives Division imports two of these three products (Tinuvin 292 and Tinuvin 440), our newest product, Tinuvin 123, is manufactured at our production facility in McIntosh, Alabama. Until Tinuvin 123's introduction in 1990, we imported all of our Tinuvin 292 and 440. On a longer range basis, we plan to produce Tinuvin 292 in the U.S.

Between 1988 and 1990, the Division invested approximately $40 million in a new production unit at its McIntosh facility used for the manufacture of Tinuvin 123. We have also invested additional capital to refurbish another area of this plant to help in the production of Tinuvin 123. Currently, we employ approximately 40-45 people in the production of Tinuvin 123.

Tinuvin 123 represents a significant new technology which advances the art of light stabilization. CIBA-GEIGY Corporation received the R&D 100 Award in 1990 for this innovative class of new chemistry. Our current plan is to expand the use of this product and to explore other opportunities for exploiting this exciting class of chemistry.

CIBA-GEIGY Limited, the parent company of CIBA-GEIGY Corporation, invested in the Tinuvin 123 plant in the U.S. to serve not only the American market, but the world market in the most economical manner. The worldwide investment strategy on this product was made because of the strategic importance of the U. S. market and because of the economic benefits of maintaining a single worldwide manufacturing site in the U.S.

CIBA-GEIGY Limited, the parent company of CIBA-GEIGY Corporation, invested in the Tinuvin 123 plant in the U.S. to serve not only the American market, but the world market in the most economical manner. The worldwide investment strategy on this product was made because of the strategic importance of the U. S. market and because of the economic benefits of maintaining a single worldwide manufacturing site in the U.S.

Our strategic plan calls for further investment to expand the production capacity in McIntosh, Alabama, under the assumption that the American market place will continue to be the most economical center of production for this patented technology. Eliminating the tariff on 990231.11, 9902.31.12, 9902.31.13, 9902.31.14 would be a significant factor in the Company's decision about the economics of increasing its investments for both Tinuvin 123 production and any future product line extensions.

I will be happy to discuss this with you further.

Sincerely yours,

M. Lyons

Marge Lyons
Manager
Legislative Affairs

cc: Mr. Aim Jonnard
Ms. Sally Martin
Ms. Barbara Steinbock

ML/kvc3

H.R. 1807

To extend the existing suspension of duty on Diflunisal

STATEMENT OF JANIE A. KINNEY, MERCK & CO., INC.

COMMENTS FOR THE U.S. HOUSE OF REPRESENTATIVES
WAYS AND MEANS COMMITTEE

ON

H.R. 1807

To extend the existing suspension of duty on Diflunisal.

H.R. 1857

To extend for 3 years the existing suspension of duty on Ala Pro.

H.R. 1861

To suspend for a 3-year period the duty on famotidine.

H.R. 1862

To extend the existing suspension of duty on D-carboxamide.

H.R. 1863

To extend the existing suspension of duty on amiloride hydrochloride.

H.R. 1866

To suspend until January 1, 1995, the duty on pyrmethyl alcohol.

H.R. 1867

To suspend until January 1, 1995, the duty on TAC.

H.R. 1868

To suspend until January 1, 1995, the duty on metmercazole.

H.R. 1899

To extend until January 1, 1995, the existing suspension of duty on Tfa Lys Pro in free base and tosyl salt forms.

H.R. 1901

To extend until January 1, 1995, the existing suspension of duty on norfloxacin.

H.R. 1902

To suspend until January 1, 1995, the duty on keto ester.

H.R. 1903

To suspend until January 1, 1995, the duty on lisinopril.

H.R. 1933

To suspend for a 3-year period the duty on Resin diaion HP 20.

H.R. 1935

To suspend for a 3-year period the duty on m-Chloroperoxybenzoic acid (MCPBA).

H.R. 1939

To suspend for a 3-year period the duty on finasteride and finasteride tablets.

H.R. 1942

To suspend for a three-year period the duty on [3R-[3-alpha(R*),4-beta]]-4-(acetyloxy)-3-[1-[[(1,1-dimethyl ethyl) dimethylsilyl]oxy]ethyl]-2-azetidinone, also known as acetoxy azetidinone.

These comments are in support of H.R. 1861, H.R. 1866, H.R. 1867, H.R. 1868, H.R. 1902, H.R. 1903, H.R. 1933, H.R. 1935, H.R. 1939, and H.R. 1942, legislative introductions to temporarily suspend the import duties on famotidine, pyrmethyl alcohol, TAC, metmercazole, keto ester, lisinopril, Resin diaion HP 20, m-Chloroperoxybenzoic acid (MCPBA), finasteride and finasteride tablets, and [3R-[3-alpha(R*),4-beta]]-4-(acetyloxy)-3-[1-[[(1,1-dimethyl ethyl) dimethylsilyl]oxy]ethyl]-2-azetidinone, respectively, and in support of H.R. 1807 H.R. 1857, H.R. 1862, H.R. 1863, H.R. 1899, and H.R. 1901, legislation to extend the existing duty suspensions on diflunisal, Ala Pro, D-carboxamide, amiloride hydrochloride, Tfa Lys Pro in free base and tosyl salt forms, and norfloxacin, respectively.

BACKGROUND

Merck & Co., Inc. is a U.S. based multinational organization engaged in the business of discovering, developing and producing products for the restoration or maintenance of human and animal health. In its international commercial activity, Merck & Co., Inc. is in a favorable balance of trade with the world. Merck U.S. exports have grown to approximately $775 million worth of product annually while imports to the U.S. are less than one-fifth that value. Duty suspension will have a positive impact on our operations.

Benefits

Suspensions on products not domestically produced or produced in limited quantities also offer the following benefits:

1) Benefits will accrue to U.S. based manufacturer in the form of lower operating cost, and improved productivity.

2) The U.S. economy will benefit from increased tax revenue associated with greater productivity.

3) Savings which are reinvested in Research and Development help to insure the continuous flow of competitive life improving and productivity improving drugs for both human and animal health.

4) Reference to cost savings as high as $14 million in 1986 to the U.S. consumers and other benefits resulting from temporary duty reductions and suspensions were reported in the United States International Trade Commission's Report to the Committee on Ways and Means (USITC Pub. No. 2060, Feb. 1988). On page 51 of that report, in reference to the pharmaceutical and chemical industries, the ITC concludes that "at least 50 percent of the cost savings resulting from the temporary duty suspension was probably passed through to U.S. consumers."

5) Duty suspension benefits to the U.S. economy and all of its sectors including government, consumer, commercial and labor accrue to a greater degree than do the benefits associated with drawback. In effect drawback allows benefits to the U.S. economy, similar to duty suspension benefits but with a lesser impact and only when foreign consumers share in those benefit.

6) In providing tariff incentives to U.S. based corporations who license innovative foreign produced active ingredients for consumption within the U.S., as quality of life enhancing pharmaceuticals, we are facilitating benefits to U.S. corporations and the U.S. economy by capitalizing on innovation on a global basis. Similarly, tariff incentives to U.S. based corporations who purchase unique and innovative foreign produced raw materials and intermediates facilitate benefits to the U.S. economy.

SPECIFIC DETAIL

H.R. 1807 Diflunisal was initially granted duty suspension until December 31, 1992 by THE CUSTOMS AND TRADE ACT OF 1990. It is a non-steroidal, periphally-acting, non-narcotic analgesic drug. It differs from aspirin in two respects. Firstly, there is a difluorophenyl substituent at carbon 1, which tends to provide longer lasting analgesic responses that comparative agents. Secondly, there is a removal of the O-acetyl group from the carbon 4 position, which tends to enhance gastrointestinal tolerability. Diflunisal is indicated for use by the Food and Drug Administration for acute or long-term symptomatic treatment of mild to moderate pain, osteoarthritis, and rheumatoid arthritis.

The duty rate of diflunisal nearly doubled, rising from 6.9% to 13.5%, when the U.S. converted to the Harmonized System in 1989.

H.R. 1857 Ala Pro is not manufactured in the U.S. and must be imported to meet Merck manufacturing needs. This raw material enters through the port of San Juan, PR, for processing in our Barceloneta, PR, plant. The resulting bulk active, enalapril maleate, is then formulated to dosage form, VASOTEC, in our West Point, PA, facility.

VASOTEC is an angiotension-converting enzyme (ACE) inhibitor for the treatment of hypertension. VASOTEC for many patients is also a highly effective adjunctive therapy in the management of heart failure. Squibb markets a competing patented ace inhibiting antihypertensive, CAPOTEN. Suspension of duty on imported ala pro is a minor factor in the market share of either of these competing drugs.

H.R. 1861 Merck imports famotidine through the ports of New York and Memphis. It is manufactured to dosage form and packaged at Merck's West Point, Pa. facility. Yamanouchi Co., Ltd. holds the U.S. patent to famotidine, and Merck holds an exclusive U.S. marketing license. Famotidine is a histamine H2-receptor antagonist and is marketed in the U.S. as TABLETS PEPCID, Powder for ORAL SUSPENSION PEPCID, and Intravenous PEPCID. The clinically important pharmacological treatment of PEPCID is its inhibition ongastric secretion and is used for treatment of certain acid-related disorders. PEPCID I.V is the only parenteral H2 antagonist that is dosed every 12 hours, thus reducing administrative costs for hospitals due to decreased dosing. The conversion from the U.S. Tariff Schedule to the Harmonized System in 1989 caused the duty rate of famotidine to nearly double, raising the rate from 3.7% to 6.9%.

SPECIFIC DETAIL (Cont'd.)

H.R. 1862 The imported D-Carboxamide chemical nomenclature, is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. D-Carboxamide enters through the port of New York for processing at our Danville, PA, and Elkton, VA, plants. The resulting cilastatin is combined with imipenem at our Elkton, VA, or Wilson, NC, facilities for marketing as PRIMAXIN or TIENAM, each lifesaving antibiotics.

PRIMAXIN and TIENAM are the end use products supplied to the domestic and foreign markets. These trademarked patented products are intravenous formulations of imipenem, a thienamycin antibiotic derivative and cilastatin, a specific kidney enzyme inhibitor that maintains a high level of antibiotic in the urinary tract. PRIMAXIN/TIENAM formulations have a broad spectrum of activity against gram-positive and gram-negative aerobic and anaerobic bacteria including strains resistant to penicillin, cephalosporins, and aminoglycosides.

H.R. 1863 The imported amiloride intermediate is not currently manufactured by any other producer in the U.S. Amiloride intermediate enters through the port of San Juan, PR, for processing in our Barceloneta, PR, plant. The pure diuretic is then formulated to dosage form, alone or in combination with other therapeutics, at our West Point, PA, facility.

The end products are, MIDAMOR, a potassium sparing diuretic and MODURETIC, a combination drug unique in its activity.

H.R. 1866 The imported pyrmethyl alcohol is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. No other U.S. importer to our knowledge uses this material. Pyrmethyl alcohol enters through the port of New York for processing in our Flint River, GA, and West Point, PA, plants. The resulting active, omeprazole, is formulated in West Point, PA, toll coated by our affiliate in Canada, and returned to the U.S. for further processing to dosage form, PRILOSEC.

PRILOSEC is a new class of gastrointestinal drug called acid pump inhibitors which is licensed to Merck for U.S. marketing by AB Astra. It is approved for use in treating poorly responsive gastroesophageal reflux disease (GERD), severe erosive esophagitis, and conditions such as Zollinger-Ellison syndrome.

The currently used HSUS classification is 2933.39.4700-8 at the rate of 13.5% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for pyrmethyl alcohol under subheading 2933.39.4700-8 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for pyrmethyl alcohol.

SPECIFIC DETAIL (Cont'd.)

H.R. 1867 TAC is not directly manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. Virgin TAC is in short supply worldwide, requiring that used material be recovered in our foreign supplier's domestic plant. TAC enters through the port of New York for processing in our Albany, GA, plant. The resulting antibiotic is then sterilized in our Elkton, VA, plant for export and domestic use.

The end use of TAC is MEFOXIN, a semi-synthetic, broad-spectrum cepha antibiotic patented and trademarked by Merck & Co., Inc. MEFOXIN is intended for intravenous use in solution form for treatment of serious infections caused by susceptible strains of certain designated microorganisms. In many patients infections of the lower respiratory tract, urinary tract, intra-abdominal, gynecological, septicemia, bone and joints, and skin respond to MEFOXIN even when resistant to some cephalosporins and penicillin antibiotics.

The currently used HSUS classification is 2934.90.50 at the rate of 7.9% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for TAC under subheading 2934.90.50 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for TAC.

H.R. 1868 The imported Metmercazole is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. No other U.S. importer to our knowledge uses this material. Metmercazole enters through the port of New York for processing in our Flint River, GA, and West Point, PA, plants. The resulting active, omeprazole, is formulated in West Point, PA, toll coated by our affiliate in Canada, and returned to the U.S. for further processing to dosage form, PRILOSEC.

PRILOSEC is a new class of gastrointestinal drug called acid pump inhibitors which is licensed to Merck for U.S. marketing by AB Astra. It is approved for use in treating poorly responsive gastroesophageal reflux disease (GERD), severe erosive esophagitis, and conditions such as Zollinger-Ellison syndrome.

The currently used HSUS classification is 2933.90.3700-6 at the rate of 13.5% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for metmercazole under subheading 2933.90.3700-6 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for metmercazole.

SPECIFIC DETAIL (Cont'd.)

H.R. 1899 Tfa Lys Pro free base and tosyl salt are not manufactured in the U.S. and must be imported to meet Merck manufacturing needs. The resulting bulk antihypertensive is then formulated to dosage form in our Wilson, NC, facility. This raw material enters through the port of San Juan, PR, for processing in our Barceloneta, PR, plant. The tosyl salt and free base, will be used interchangeably in the process depending on availability, process efficiency, and other manufacturing factors. Revenue and import costs will not vary significantly from the totals reported above. An increase in the import of one form will be offset by a decrease in the other.

The end use product, lisinopril, is a patented ace inhibiting antihypertensive. ICI and Merck & Co., Inc. by contractual agreement co-market this drug in the U.S. Squibb markets a competing patented ace inhibiting antihypertensive, CAPOTEN. Suspension of duty on imported TFA LYS PRO free base and tosyl salt is a minor factor in the market share of either of these competing drugs.

H.R. 1901 Norfloxacin is manufactured by Kyorin Pharmaceutical Company, Ltd., Tokyo, Japan who holds worldwide patents to the product. Norfloxacin is not manufactured by anyone in the U.S. Merck holds exclusive marketing rights to norfloxacin until 1998. Norfloxacin was originally granted duty suspension in the CUSTOMS AND TRADE ACT OF 1990. This suspension will expire on December 31, 1992.

Norfloxacin, a flouroquinolone, is a broad spectrum anti-bacterial agent for oral administration. It is sold by Merck domestically as NOROXIN and is available in 400 MG tablets. It is indicated for use by the Food and Drug Administration for a number of complicated and uncomplicated urinary tracts infections.

H.R. 1902 The imported keto ester is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. No other U.S. importer to our knowledge uses this material. Keto ester enters through the port of New York for processing in our Barceloneta, PR, plant. The resulting actives, enalapril and lisinopril, are formulated in Wilson, NC, to dosage forms, VASOTEC and PRINIVIL.

VASOTEC is an angiotension coverting enzyme (ACE) inhibitor for the control of hypertension. VASOTEC for many patients is also a highly effective adjunctive therapy in the management of heart failure. PRINIVIL is Merck's second ACE inhibitor for the treatment of hypertension.

The currently used HSUS classification is 2918.30.2000-7 at the rate of 13.5% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for keto ester under subheading 2918.30.2000-7 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for keto ester.

SPECIFIC DETAIL (Cont'd.)

H.R. 1903 Merck manufactures lisinopril in the Republic of Ireland and in Puerto Rico. The Puerto Rican plant cannot produce sufficient quantities of lisinopril to satisfy domestic needs, thereby requiring importations. Lisinopril is imported through the port of New York for further manufacturing and packaging in our Wilson, NC, facility. Lisinopril is sold by Merck domestically as PRINIVIL and in combination with hydrochlorothiazide as PRINZIDE. Under a special licensing agreement, lisinopril is also sold by ICI Americas in the U.S. market. To our knowledge, ICI does not manufacture lisinopril in the US. Lisinopril is an oral angiotensin converting enzyme inhibitor, indicated for use as a antihypertensive. It differs from other drugs in its class by virtue of its long half-life and resulting once-daily dosage.

H.R. 1933 HP-20 is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. HP-20 enters through the port of New York for use in the manufacture of PRIMAXIN/TIENAM, at our Rahway, NJ, plant. This chromatographic separation resin is essential in the drug production process. Imipenem is not practically or economically extractable with other separation methods and material.

PRIMAXIN and TIENAM are the end use products supplied to the domestic and foreign markets. These trademarked patented products are intravenous formulations of imipenem, a thienamycin antibiotic derivative and cilastatin, a specific kidney enzyme inhibitor that maintains a high level of antibiotic in the urinary tract. PRIMAXIN/TIENAM formulations have a broad spectrum of activity against gram-positive and gram-negative aerobic and anaerobic bacteria including strains resistant to penicillin, cephalosporins, and aminoglycosides.

The currently used HSUS classification is 3914.00.0000-9 at the rate of 3.9% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for HP-20 under subheading 3914.00.0000-9 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for HP-20 Resin.

H.R. 1935 The imported MCPBA is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. No other U.S. importer to our knowledge uses this material. MCPBA enters through the port of New York for processing in our Flint River, GA, and West Point, PA, plants. The resulting active, omeprazole, is formulated in West Point, PA, toll coated by our affiliate in Canada, and returned to the U.S. for further processing to dosage form, PRILOSEC.

SPECIFIC DETAIL (Cont'd.)

H.R. 1935 (Cont'd.)

PRILOSEC is a new class of gastrointestinal drug called acid pump inhibitors which is licensed to Merck for U.S. marketing by AB Astra. It is approved for use in treating poorly responsive gastroesophageal reflux disease (GERD), severe erosive esophagitis, and conditions such as Zollinger-Ellison syndrome.

The currently used HSUS classification is 2916.39.1000-2 at the rate of 6.7% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for metmercazole under subheading 2916.39.1000-2 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for metmercazole.

H.R. 1939 Merck discovered and developed finasteride and holds all worldwide patents. It will be initially manufactured and packaged in the United Kingdom. These processes may be transferred to Puerto Rico as the volume of domestic sales develops and expands.

A New Drug Application has been submitted for finasteride, which will be marketed domestically as PROSCAR.

It is anticipated that finasteride will be marketed for the treatment of benign prostatic hyperplasia, a disease whose symptoms affect the majority of men over the age of fifty. The pharmacological actions of finasteride will reduce the level of androgen dihydrotestosterone (DHT) in the prostate, which will cause a reduction in prostate volume, increase in urine flow, and improvement of symptoms. Unlike other hormonal agent, finasteride does not cause feminization or other serious anti-androgenic effects because testosterone levels are not seriously affected.

H.R. 1942 The imported acetoxy azetidinone is not manufactured by anyone in the U.S. and must be imported to meet Merck manufacturing needs. No other U.S. importer to our knowledge uses this material. Acetoxy azetidinone enters through the port of New York for processing in our Danville, PA, plant. The antibiotic is then sterilized in our Elkton, VA, plant and formulated to dosage form in our Wilson, NC, facility.

PRIMAXIN and TIENAM are the end use products supplied to the domestic and foreign markets. These trademarked patented products are intravenous formulations of imipenem, a thienamycin antibiotic derivative and cilastatin, a specific kidney

SPECIFIC DETAIL (Cont'd.)

H.R. 1942 Cont'd.)

enzyme inhibitor that maintains a high level of antibiotic in the urinary tract. PRIMAXIN/TIENAM formulations have a broad spectrum of activity against gram-positive and gram-negative aerobic and anaerobic bacteria including strains resistant to penicillin, cephalosporin, and aminoglycosides.

The currently used HSUS classification is 2933.79.5000-3 at the rate of 7.9% ad valorem. Merck & Co., Inc. hereby requests that a suspension granted for acetoxy azetidinone under subheading 2933.79.5000-3 also apply under any heading subsequently determined by U.S. Customs or other government body to be the proper classification for acetoxy azetidinone.

Respectfully submitted,

Janie Kinney

Janie A. Kinney
Senior Director and Counsel
Government Relations
Merck & Co., Inc.
1615 L Street, NW
Suite 1320
Washington, DC 20036

H.R. 1811

To provide duty-free treatment for certain entries of metallized or foil balloons

KATTEN MUCHIN ZAVIS & DOMBROFF

CHICAGO, IL
LOS ANGELES, CA
MADISON, WI
MIAMI, FL
NEW YORK, NY
OAK BROOK, IL

1025 THOMAS JEFFERSON STREET, N.W. • EAST LOBBY • SUITE 700
WASHINGTON, D.C. 20007-5201

TELEPHONE
(202) 625-3500
TELECOPIER
(202) 296-7870
TELEX
211195 KMZD UR

PLEASE RESPOND TO
Washington, D.C.

WRITER'S DIRECT DIAL NUMBER
(202) 625-3752

June 12, 1991

Robert Leonard, Esq.
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1811

Dear Mr. Leonard:

Our firm represents Globos International, Inc. of Austin, Texas. Globos is a U.S. corporation that is licensed to manufacture metallized foil balloons in Mexico. On behalf of Globos, we are submitting the following comments on H.R. 1811, introduced in April by the Honorable J.J. Pickle.

H.R. 1811 is intended to restore a degree of certainty to commerce between the United States and Mexico in the area of metallized foil balloons. These balloons are classified by the U.S. Customs Service for tariff purposes in Harmonized System item number 9503.90.50 and historically have been eligible for duty-free treatment under the U.S. Generalized System of Preferences. Preferential status, however, has been unexpectedly interrupted on two occasions by trade developments totally unrelated to the balloon industry or imports of metallized foil balloons. These abrupt changes in dutiable status have imposed significant additional financial burdens on importers who had prepared marketing plans and committed to sales contracts relying upon the zero rate of duty in place at the time.

Duty-free status was first lost in July 1987 when the competitive need limitation contained in 19 U.S.C. § 2464 was reduced so that products from Mexico classified in the basket tariff category including playballs and balloons were no longer eligible for preferential status if they constituted more than 25 percent of the value of all such goods imported from all foreign sources. The preexisting threshold at which eligibility could be lost was 50 percent of imports. The increased severity of the limitation on preferential tariff status was the result of a 1987 controversy over the level of protection offered by Mexican law for intellectual property rights, particularly those associated with the pharmaceutical industry. By introducing constraints on duty-free status on a variety of products, it evidently was hoped that leverage would be obtained to encourage greater patent and trademark protection for U.S. products.

Duty-free status was reinstated in July 1988 when the President, upon the recommendation of the Trade Policy Staff Committee, granted a waiver of the competitive need limitation with respect to the products in question. Unfortunately, the products again became dutiable in July 1989 when the competitive need limitation was again exceeded; only to have the preference restored again in July 1990 based on import statistics for calendar year 1989 which showed that imports from Mexico represented less than 25 percent of the merchandise entering under H.S. 9503.90.50.

The foregoing history reveals a record of recurrent changes in dutiable status with a concomitant disruption in the businesses on both sides of the border that are active in the foil balloon trade. Neither factor that contributed to a loss of zero duty status: the intellectual property dispute or the imports of playballs that comprise more than 70 percent of the value of the trade in the relevant tariff category that also includes foil balloons are subject to the influence or control of Mexico's foil balloon producer or the U.S. importers who purchase its product.

It is for these reasons that Globos International supports H.R. 1811. This bill redresses the financial burden that was unexpectedly and unfairly imposed on imports of foil balloons from Mexico when preferential duty status was temporarily removed between July 1, 1989 and June 30,1990. The companies involved already have paid the duties associated with the loss of eligibility that resulted in a 7 percent duty rate between July 1, 1987 and June 30, 1988. Globos asks that they not be asked to shoulder this burden again. H.R. 1811 would make sure that they do not have to do so.

Sincerely,

James Lyons

James M. Lyons

JML/kut

H.R. 1812

To suspend temporarily the duty on photographic gelatin

No comments submitted.

H.R. 1813

To suspend temporarily the duty on benzoxazol

No comments submitted.

H.R. 1814

To extend until January 1, 1995, the existing suspensions of duty on certain chemicals

No comments submitted.

H.R. 1815

To amend the Harmonized Tariff Schedule of the United States to restore the duty rate that prevailed under the Tariff Schedules of the United States for certain twine, cordage, ropes, and cables

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STATEMENT

on Behalf of

CORDAGE INSTITUTE

In OPPOSITION to H.R. 1815

June 12, 1991

The Cordage Institute ("CI") strongly opposes H.R. 1815, "a bill to amend the Harmonized Tariff Schedule of the United States to restore the duty rate that prevailed under the Tariff Schedules of the United States for certain twine, cordage, ropes, and cables". CI members comprise the majority of the manufacturers, together with their suppliers and technical experts, of cordage, including rope, twine and fishnetting, in the United States and Canada. On behalf of its members, CI urges the Subcommittee on Trade of the Committee on Ways and Means of the United States House of Representatives not to support this technically defective and totally inappropriate legislative proposal.

The premise upon which the proposal was introduced is that a single company which could not locate a particular product in the United States imports it as the sole importer and wishes now, under the HTSUS, to pay the same duty rate as was appropriate under the TSUS. The bill if enacted as written would change the classification, duty rate, quota status and Harmonized System of nomenclature of a basket category of imports for many importers, retroactively to the time of the adoption of the HTSUS.

THE PRODUCT

DESCRIPTION:

We are technically hindered in providing testimony on this proposal by the fact that we cannot obtain a proper description of the product or specifications for the product; we therefore unfortunately cannot provide the company with information on which companies in the United States and Canada would manufacture the product. What information we have, however, describes the imported product as a twine used to secure pallets. (We assume this means to secure packages of some sort on pallets.) Because the item number under which the company imports the product contains products of nylon or polyester and would not properly contain any polyolefin, or natural fiber products, we assume that it is made of nylon or polyester.

"POLYOTHYLENE/POLYPROPYLENE" AND "OTHER"

Under the TSUS there was one heading for manmade fiber cordage which was divided according to the size of the imported cordage. When the HTSUS together with its Headnotes was adopted, which items were to be classified under which heading was clarified by clearly separating out polyethylene and polypropylene. There is no logical reason now to apply the duty for polyethylene and polypropylene products to nylon or polyester products when the two were so carefully separated at the time of the adoption of the HTSUS. To do so would not follow the adopted notes and organization of the HTSUS or the underlying system of nomenclature.

PRODUCTION:

To the best of the knowledge of our technical experts, there is no type of nylon or nylon-based tying twine or similar product which cannot be manufactured in the United States and Canada. An informal poll of our membership has indicated that there has been no contact from a representative of the importing company requesting quotations for the product manufactured domestically. There is no reason to believe that it is not available domestically. Indeed, we would be pleased to provide a list of manufacturers once we have a proper description of the product.

TARIFF CLASSIFICATION AMENDMENTS

CHANGED DESCRIPTIONS:

The bill proposes that the current subheading of HTSUS 5607.50.20 be stricken and that two new subheadings, 5607.50.25 and 5607.50.35 be inserted in its place, thus dividing the current 5607.50.20 on the basis of size with a breakpoint of 4.8 mm in diameter.

QUOTA REMOVAL:

The proposed article descriptions in H.R. 1815 contain no quota designations. We can only assume that this is an effort to remove these items from quota categories under the Multifiber Arrangement ("MFA"). Such efforts cannot be condoned. The proper and current MFA category for item HTSUS 5607.50.20 is 201. This is true even if there is a breakout of items from the category. It is the properly negotiated category for these cordage items, agreed to on a quid pro quo basis in multilateral trade negotiations with the other MFA countries. All such cordage items are category 201.

The only exceptions arise from inadvertence. At the time of the change from the TSUS to the HTSUS, quotas were inadvertently omitted from the cordage items which were converted from the old TSUS 774.55 basket category (in which they did not belong) to their proper cordage categories. CI is working to have this inadvertence corrected. Meanwhile it is only those items described as "of wide nonfibrillated strip" (which the CI states cannot technically exist) which are not subject to quota. All other cordage items come under an MFA category as they are all textiles. The correct textile category for these items is 201.

REDUCED DUTY:

The bill also proposes that the General, Special and Column 2 rates remain the same for 5607.50.35 but that they be reduced substantially for all three columns for 5607.50.25. (There appears to be a typographical error in the text, page 2 at line 2, where the U.S.-Canada Free Trade Agreement duty for 5607.50.35 should be designated by CA not the CO in the printed version of the bill.) There is no bona fide reason to reduce this as Congressionally-mandated duty. It is both appropriate and consistent under the terms of the HTSUS.

STAGED REDUCTIONS:

Additionally, the bill proposes to add any staged reductions which were made by Presidential proclamation to 5607.49.15 (Polyethylene or Polypropylene, other than binder/baler twine, measuring less than 4.8 mm in diameter, not braided or plaited) to 5607.50.25. Any staged reductions for 5607.50.20 (which the bill proposes to remove) which were proclaimed by the President should also apply to 5607.50.35, the bill proposes.

The former is requested for all Presidential proclamations before enactment of H.R. 1815 and the latter for those proclaimed before and otherwise to become effective after the effective date of H.R. 1815 if enacted. There is no cogent reason for the as correct reduction as directed by Presidential proclamation for polyethylene/polypropylene twine of this type have already been applied to HTSUS 5607.50.20. There would be no reason to apply the Presidentially proclaimed reductions for twine (HTSUS 5607.49.10) to the tying twine in the proposed new classification.

IMPORTS:

Quick reference to the import statistics maintained by the Bureau of the Census and the U.S. Customs Service will provide the information that it is clearly not this one product for this one importer which would receive the largesse of this legislation, if passed. Not only are there large volumes of goods which enter the United States under the subheading which would be changed, but the vast majority enter at many ports remote from the sponsoring Congressman's district.

Table 1, attached, lists the 1990 (full year) and 1991 (January to March) import profiles for HTSUS 5607.50.20. While there is no absolute way to determine from public record material which of these imports would fall under which of the HTSUS numbers proposed by H.R. 1815, industry experience is that the bulk of the imports which would properly be classified under HTSUS 5607.50.20 would be of small diameter, usually three-strand twisted nylon twine. Far from a small amount, imports in 1990 totaled 444,392 KG; for the first three months of 1991, they totaled 75,605 KG. The major two supplying countries, South Korea and Taiwan, shipped into the United States at unit values far below those of other source countries, as illustrated in Table 2. Indeed, the import share of South Korea, the lowest priced import source, has been increasing lately and is projected to increase sharply this year without benefit of a duty reduction, as Table 3 shows. We can only guess which imports will increase most sharply if the duty is reduced.

Major 1990 ports of entry for merchandise classified under HTSUS 5607.50.20 included, in descending order of import share, Los Angeles (23.3%), Seattle, New Orleans, Philadelphia and Tampa (6.0%). See Table 1. None of these ports of entry is within or abuts the sponsoring Congressman's district. The obvious conclusion is that the majority of entries which stand to benefit from the proposed legislation are totally unrelated to the party and purpose for which the bill has been introduced.

APPLICABILITY:

The bill proposes also to lower the duty retroactive to the adoption of the HTSUS. There is no reason for this proposal. If indeed the change at the time of the adoption of the HTSUS were not appropriate and the HTSUS had by its mere adoption changed the duty on the imported item, there was a widely publicized procedure for correcting this by bringing it to the attention of the U.S. Customs Service. This apparently was not done even though the entirety of the changes made to the cordage section were carefully reviewed under these proceedings. Had there been a basis for such a change, it would have been made then.

SUMMARY OF POSITION:

CI strongly opposes H.R. 1815. The bill, if passed as written, would change the duty on a basket category of cordage products such as leaded nylon ropes and automobile accessories. The statistical evidence clearly shows that the bulk of the products entered under the item number on which the lower duty is proposed come from low cost, increasing market share, supplying countries. Imports are increasing markedly from the lowest priced supplier without a lower duty. The great majority of imports enter at ports remote from the location of the company for the benefit the legislation was introduced.

The legislation would removing items from quota coverage without the benefit of quid pro quo multilateral negotiations thus violating the terms of the MFN. The legislation seeks unnecessarily to reduce the duty retroactively; were such appropriate there was an administrative proceeding which should have been entered into long ago.

TABLE 1

U.S. IMPORTS UNDER HTSUS 5607.50.20

1991 import profile (January-March):

Country	Volume (kg)	Value	Unit Value	Share (volume)	Share (value)
S. Korea	30,515	$83,636	$2.741	40.4%	18.5%
Taiwan	19,648	$103,745	$5.280	26.0%	23.0%
All Others	25,442	$263,715	$10.365	33.7%	58.5%
Total	75,605	$451,096	$5.966	100.0%	100.0%

1990 import profile (January-December):

Country	Volume (kg)	Value	Unit Value	Share (volume)	Share (value)
S. Korea	196,406	$596,351	$3.036	44.2%	26.6%
Taiwan	138,990	$660,372	$4.751	31.3%	29.5%
All Others	108,996	$982,360	$9.013	24.5%	43.9%
Total	444,392	$2,239,083	$5.039	100.0%	100.0%

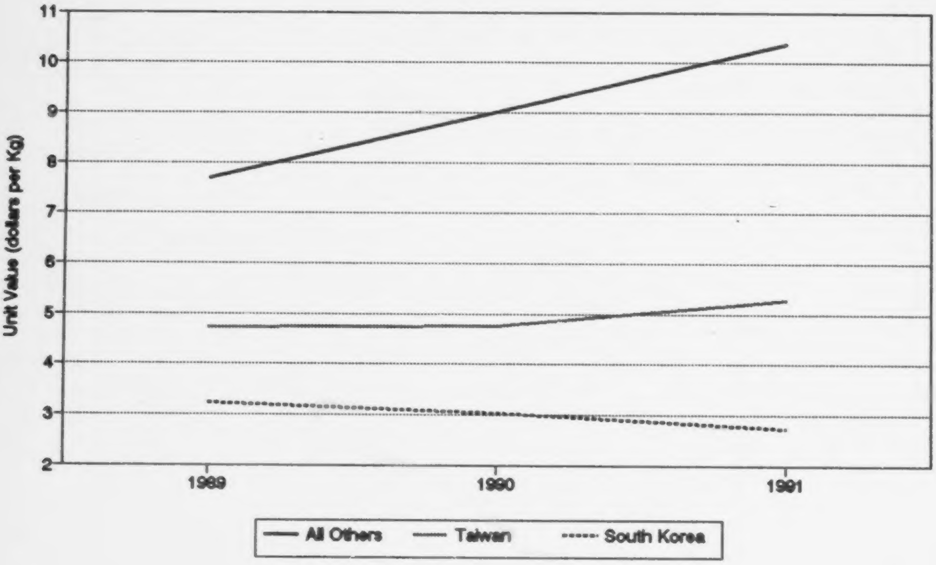
Ports of Entry (1990)	Volume (kg)	Import Share
Los Angeles	103,351	23.3%
Seattle	89,741	20.2%
New Orleans	58,117	13.1%
Philadelphia	46,907	10.6%
Tampa	26,808	6.0%
Total	324,924	73.1%

Source: U.S. Department of Commerce

International Trade Information Service

TABLE 2

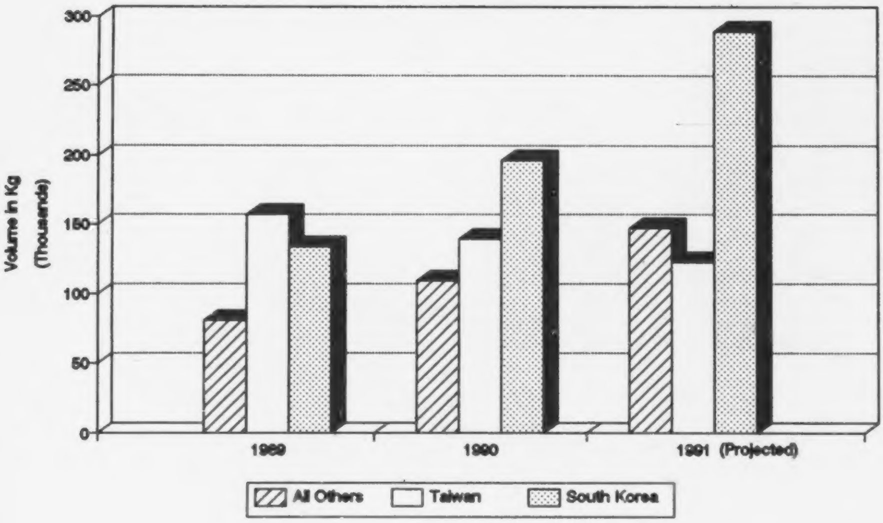
U.S. Cordage Imports Under HTSUS 5607.50.20: 1989-1991
Unit Value Comparison



Source: U.S. Department of Commerce

International Trade Information Service

TABLE 3



U.S. Cordage Imports Under HTSUS 5607.50.20: 1989-1991
Volume Comparison

Source: U.S. Department of Commerce

International Trade Information Service

H.R. 1824

To extend the filing period for requests for reliquidation of certain entries

MattelToys

Mattel, Inc.
Customs Administration
333 Continental Boulevard
El Segundo, CA 90245-5012
Telephone 213 524-2000
TELEX 188155 or 188170
FAX 213 524-2659

June 11, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1824 - Statement in Support

Dear Mr. Leonard:

We are writing in support of H.R. 1824 which will extend the time for filing requests for refunds of customs duties on stuffed dolls imported during the period from January 1, 1986, through October 1, 1988, when the temporary suspension of duty on stuffed dolls had lapsed. Mattel timely filed a request for refunds of duties paid on certain entries at the port of New York pursuant to Sec. 1804 and 1831 of the Omnibus Trade Act of 1988, P.L. 100-418. After the deadline for filing such claims had passed, Customs advised Mattel that it could not locate Mattel's claim, and would refuse to issue the refunds to which Mattel was entitled. The claim at issue was mailed to U.S. Customs at New York at the same time as our other claims were mailed to U.S. Customs at Dallas and Los Angeles, where Customs has acknowledged receipt of and duly processed our claims, and issued our refunds.

Enactment of this Bill will correct this unjust situation by allowing us to re-file our claim at New York, permitting the issuance of statutorily authorized refunds of excess duties to Mattel. This provision will not result in a loss of revenue to the United States because the revenue to pay these refunds under the retroactive restoration of the duty suspension on stuffed dolls was calculated when P.L. 100-418 was enacted, and included the duties refundable on the importations covered by this Bill.

Accordingly, we urge that the Committee on Ways & Means favorably report H.R. 1824 for enactment by the Congress.

Very truly yours,

Fermin Cuza

Fermin Cuza, Assistant Treasurer
Foreign Trade Services

H.R. 1825

To extend the temporary suspension of duty on certain parts and accessories of indirect process electrostatic photocopying machines

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See also Computer & Business Manufacturers Association under H.R. 1499

MEMORANDUM IN SUPPORT OF H.R. 1825

AN EXTENSION OF A TEMPORARY DUTY SUSPENSION FOR CERTAIN PARTS AND ACCESSORIES OF OFFICE COPIERS SUBMITTED BY XEROX CORPORATION

June 12, 1991

These comments are submitted to the Subcommittee on Trade of the Committee on Ways and Means on behalf of Xerox Corporation.

The Xerox Corporation is urging Congress to pass H.R. 1825, legislation to extend until December 31, 1996, the current provisions suspending the duties on certain parts and accessories of office copiers under subheading 9902.90.90 of the Harmonized Tariff System. This legislation is cosponsored by Representatives Raymond McGrath (R-NY), Louise Slaughter (D-NY) and Frank Horton (R-NY). Xerox views continuation of the suspension in H.R. 1825 as essential to maintaining the competitiveness of its manufacturing facilities in Webster, New York.

This suspension covers approximately 60 percent of all components for photocopiers imported by Xerox, including many of the major assemblies and related parts and accessories. In the absence of the suspension, these parts would be imported under HTS subheadings 9009.90.00 at the rate of 3.9% ad valorem and 8472.90.80 at the rate of 3.7% ad valorem.

Xerox Corporation is in the information products and systems business worldwide, with about 50% of its 1990 revenue generated outside the United States in the document processing segment. This is the major segment and consists of developing photocopying and printing systems, along with related spare parts and services to support its products.

The primary Xerox Research and Development and manufacturing facility for reprographic products and related supplies worldwide is located in the town of Webster, New York, where approximately 9,600 unionized, salaried and managerial workers are employed with an annual payroll of close to $500 million. It is the largest employer in the town of Webster, the second largest in Monroe County and among the largest in New York State. An affirmative action program of long standing, for which the Corporation is widely acclaimed, is in place.

More than one-quarter of the facility's output is exported. Given the competitive opportunity, it is anticipated that the percentage of exports will grow. The facility purchases approximately $1 billion in goods and services annually. Xerox subsidiaries and affiliates operate similar manufacturing facilities in Brazil, Canada, England, Japan, Mexico and the Netherlands, all of which are capable of manufacturing identical products.

The xerographic process is the basic technology used in practically all office copiers sold worldwide. Xerox Corporation was the first to take the process technology and make the research and development investment that led to the production of xerographic office copiers for commercial markets.

Since the 1960 commercial introduction of Xerox' Model 914 office copier, the worldwide composition of the copier industry has changed significantly. The percentage of Xerographic copiers manufactured in the United States dropped dramatically from 100% in 1960 to about 10% in 1990, according to the leading industry watchdog, Dataquest. Japanese and other Far East manufacture of copiers continues to constitute the lion's share of worldwide production, estimated to be 71% in 1990; European manufacture, of which more than 70% is by Japanese transplants, accounts for the balance.

One reason for these changes is the fact that, although office copy machines are high technology products in nature, market competition is so intense that their pricing is similar to that of commodities. Abundant supply drives prices down to the level where small elements in the cost of manufacture can determine the tilt for or against the competitive position of a particular production location.

Xerox has continued to take all steps available to keep its Webster facility cost competitive on a worldwide basis, rather than assigning all manufacturing to offshore locations and having its United States operations act only as a distribution channel for foreign products. Included in those steps is the utilization of existing provisions of laws which provide duty deferment and reduction opportunities, such as the duty-free status of U.S. origin goods being returned after additional processing abroad, participation in duty drawback programs, and establishment and operation of a foreign trade sub-zone at the Webster facility.

In addition to these efforts to reduce the cost of components, Xerox launched a major effort assisting its suppliers of purchased parts to improve their quality, cost and delivery. The three principles -- Quality, Cost and Delivery -- guide Xerox's purchases worldwide. In order to maintain its competitive position for copiers manufactured in its Webster facility, Xerox has had to source many of its components abroad.

Xerox has pursued local sourcing strategies which have reduced the number of parts imported resulting in a substantial increase in local values.

Nevertheless, these are long term efforts that will take several years to come into full fruition. in the meantime, intense price competition is the hallmark of the current market faced by the copier industry. As noted above, small elements in the cost of manufacture can determine the tilt for or against the competitive position of a particular production location. Duty payments applicable to imported parts and accessories are such an element.

A related duty element that makes importation of completed copiers more attractive than investment in U.S. production is the fact that completed copiers are now imported at a lower rate of duty, 3.7% ad valorem, than most of the components. The duty spread is largest on many generic parts, such as mounted lenses, dutiable at 6.6% ad valorem under subheading 9002.19 of the Harmonized Tariff System. HR 1825 would continue the important step toward addressing this disparity taken by the existing suspension.

In sum, Xerox urges passage of this legislation for the following reasons:

-- Passage of this legislation is essential to maintaining the competitiveness of Xerox Corporation's manufacturing facilities in Webster, New York. Unless Xerox can maintain its lower manufacturing costs, the competitiveness of Xerox' U.S. assembly operations will be endangered.

-- Xerox' copier/duplicator assembly work in the Rochester, New York area employs more than 9,600 people, and the Corporation is estimated to make a contribution to the local economy of $1 billion as a result of both direct and indirect purchases of goods and services.

-- This legislation encourages Xerox and other manufacturers of office copy machines to continue to expand production in the United States and to make plans to make future products here also, with both an increase in jobs and much needed capital resources.

- -- This legislation would help stem the tide of American manufacturers transferring assembly operations abroad.

- -- It would continue to buy time for Xerox, allowing the company's efforts to improve the quality and price competitiveness of its major suppliers in the United States to come to fruition.

- -- Reinstatement of the 3.9% ad valorem duty would be counterproductive to the companies it is designed to protect because it effectively pushes manufacturers toward production overseas, resulting in loss of sales by U.S. parts manufacturers in a much greater volume.

- -- This relief must continue. Trade talks now underway promise only possible relief, likely to be phased in over a number of years, and by then it may be too late.

Respectfully submitted by:

Mr. Kenneth H. Klein
Counsel, Government Affairs
XEROX CORPORATION
490 L'Enfant Plaza East, S.W.
Washington, D.C. 20024

Janet Hunter
INTERNATIONAL BUSINESS-
GOVERNMENT COUNSELLORS, INC.
818 Connecticut Ave., N.W.
Washington, D.C. 20006

H.R. 1828

Regarding the tariff classification of brassieres

Northern Textile Association

Washington Representative
William C. Sellery, Jr.
Tel: (202) 289-1780
Fax: (202) 842-3275

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Re: H.R. 1828 (Mr. Machtley): Regarding the tariff classification of brassieres.

Dear Mr. Leonard:

In response to the Subcommittee on Trade release #6 of May 14, 1991, regarding the request for written comments on miscellaneous tariff and trade bills, the Northern Textile Association wishes to express its strong support for H.R. 1828, a bill introduced by Rep. Machtley which would reclassify certain lace brassieres.

Founded in 1854, the Northern Textile Association is a non-profit trade association representing more than 100 textile manufacturers throughout the United States, with particular concentration in the Northeast. NTA's members today include producers of fibers, yarns, and fabric for both commercial and apparel uses, and represent every segment of the industry, including man-made fiber, wool, cotton, elastic, flock, felt and luxury fiber products. A significant segment of the association produces fabric used in intimate apparel, and has a strong interest in the tariff classification of brassieres.

The Northern Textile Association supports H.R. 1828 which would amend the Harmonized Tariff Schedule (HTS) with regard to lace brassieres. Under the Tariff Schedule of the United States (TSUS), brassieres containing lace were classified as "ornamented" with a 32% rate of duty. In conversion to the HTS on 1/1/89, brassieres containing lace made on a Raschel machine were reclassified with a duty of 18%, while those containing lace made on a Leavers machine stayed at 32% Lace made on the Raschel machine is no longer considered "lace" in the article description of the HTS because of the machine on which it is manufactured.

CRAFTED WITH PRIDE IN U.S.A.

To the ordinary consumer, and no doubt to the average Customs inspector, the two laces ar indistinguishable. Obviously, importers are therefore changing to Raschel lace brassieres as the accompanying table of imports shows. Because much of this is 807 production from the Caribbean, the domestic Leavers lace industry is severely impacted.

It appears to the Northern Textile Association that the only equitable solution is for all lace brassieres to carry the same rate of duty. We have discussed this with representatives of the intimate apparel industry and reached the conclusion that the best way to achieve this is to eliminate the higher duty category 6212.10.10 and for all to carry the 18% duty, which would be accomplished by passing H.R. 1828.

Sincerely,

William C. Sellery, Jr.
Washington Representative
Northern Textile Association

MAN-MADE FIBER BRASSIERE IMPORTS CONTAINING LACE, NET OR EMBROIDERY (32% duty)
JANUARY - DECEMBER 1988-1989
HTS 6212.10.1020

	1988 DOZEN (000's)	% TOTAL	1989 DOZEN (000's)	% TOTAL	88-89 % CHANGE	1988 CUST. VAL ($000's)	1988 % TOTAL	1988 $ / DOZ	1989 CUST. VAL ($000's)	1989 % TOTAL	1989 $ / DOZ	88-89 % CHANGE
Car & Cent America	5,897	53%	2,153	59%	-63%	$104,402	52%	$18	$42,379	58%	$20	-59%
Mexico	958	9%	444	12%	-54%	$23,364	12%	$24	$12,197	17%	$27	-48%
Philippines	2,259	20%	361	10%	-84%	$33,879	17%	$15	$5,712	8%	$16	-83%
China (P.R.)	473	4%	172	5%	-64%	$7,838	4%	$17	$2,688	4%	$15	-67%
Hong Kong	315	3%	111	3%	-65%	$4,583	2%	$15	$1,531	2%	$14	-67%
Taiwan	278	3%	153	4%	-45%	$4,455	2%	$16	$1,509	2%	$10	-66%
Other	856	8%	258	7%	-70%	$21,268	11%	$25	$7,527	10%	$29	-65%
TOTALS	11,036	100%	3,651	100%	-67%	$199,789	100%	$18	$73,443	100%	$20	-63%

MAN-MADE FIBER BRASSIERE IMPORTS NOT CONTAINING LACE, NET OR EMBROIDERY (18% duty)
JANUARY - DECEMBER 1988-1989
HTS 6212.10.2020

	1988 DOZEN (000's)	% TOTAL	1989 DOZEN (000's)	% TOTAL	88-89 % CHANGE	1988 CUST. VAL ($000's)	1988 % TOTAL	1988 $ / DOZ	1989 CUST. VAL ($000's)	1989 % TOTAL	1989 $ / DOZ	88-89 % CHANGE
Car & Cent America	2,141	39%	6,201	48%	190%	$28,332	40%	$13	$103,879	48%	$17	267%
Mexico	280	5%	992	8%	254%	$4,528	6%	$16	$23,468	11%	$24	418%
Philippines	2,209	40%	3,585	28%	62%	$26,788	38%	$12	$51,851	24%	$14	94%
China (P.R.)	167	3%	410	3%	146%	$1,987	3%	$12	$6,508	3%	$16	228%
Hong Kong	225	4%	416	3%	85%	$2,727	4%	$12	$5,585	3%	$13	105%
Taiwan	32	1%	83	1%	159%	$311	0%	$10	$1,265	1%	$15	307%
Other	488	9%	1,122	9%	130%	$6,561	9%	$13	$25,022	12%	$22	281%
TOTALS	5,542	100%	12,809	100%	131%	$71,234	100%	$13	$217,578	100%	$17	205%

COTTON BRASSIERE IMPORTS CONTAINING LACE, NET OR EMBROIDERY (32% duty)
JANUARY - DECEMBER 1988-1989
HTS 6212.10.1010

	1988 DOZEN (000's)	% TOTAL	1989 DOZEN (000's)	% TOTAL	88-89 % CHANGE	1988 CUST.VAL ($000's)	1988 % TOTAL	1988 $ / DOZ	1989 CUST.VAL ($000's)	1989 % TOTAL	1989 $ / DOZ	88-89 % CHANGE
Car & Cen America	43.0	47%	19.7	38%	-54%	$460	28%	$11	$340	32%	$17	-26%
Philippines	8.0	9%	2.0	4%	-75%	$92	6%	$12	$25	2%	$13	-73%
China (P.R.)	23.0	25%	15.0	29%	-35%	$388	24%	$17	$286	27%	$19	-26%
Hong Kong	6.0	7%	1.1	2%	-82%	$109	7%	$18	$21	2%	$19	-81%
Macao	0.0	0%	5.7	11%	N/A	$0	0%	N/A	$73	7%	$13	N/A
Other	11.0	12%	9.0	17%	-18%	$602	36%	$55	$316	30%	$36	-48%
TOTALS	91.0	100%	52.5	100%	-42%	$1,651	100%	$18	$1,061	100%	$20	-36%

COTTON BRASSIERE IMPORTS NOT CONTAINING LACE, NET OR EMBROIDERY (18% duty)
JANUARY - DECEMBER 1988-1989
HTS 6212.10.2010

	1988 DOZEN (000's)	% TOTAL	1989 DOZEN (000's)	% TOTAL	88-89 % CHANGE	1988 CUST.VAL ($000's)	1988 % TOTAL	1988 $ / DOZ	1989 CUST.VAL ($000's)	1989 % TOTAL	1989 $ / DOZ	88-89 % CHANGE
Car & Cen America	31	8%	187	23%	503%	$391	8%	$13	$2,577	22%	$14	559%
Philippines	56	15%	136	17%	143%	$865	18%	$16	$1,914	17%	$14	121%
China (P.R.)	108	29%	226	28%	109%	$1,582	32%	$15	$3,540	31%	$16	124%
Hong Kong	55	15%	36	4%	-35%	$570	12%	$10	$552	5%	$15	-3%
Macao	57	15%	135	17%	137%	$479	10%	$8	$1,424	12%	$11	198%
Other	61	17%	82	10%	34%	$1,022	21%	$17	$1,586	14%	$19	55%
TOTALS	368	100%	802	100%	118%	$4,909	100%	$13	$11,593	100%	$14	136%

H.R. 1829

To suspend temporarily the duty on UV-1084 light stabilizer

No comments submitted.

H.R. 1830

To reduce the column 1-general rate of duty on piperonyl butoxide (PBO)

TESTIMONY OF TIMOTHY F. DRISCOLL
PRESIDENT
FAIRFIELD AMERICAN CORPORATION
RUTHERFORD, NEW JERSEY 07070

In support of H.R. 1830 to equalize the tariff on Piperonyl Butoxide within the guidelines of GATT.

SUBCOMMITTEE ON TRADE ON THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman, Fairfield American Corporation is a small company that has been in the insecticide industry with quality products and innovative formulations since 1939. We as successor to FMC Corporation's business hold the original process for Piperonyl Butoxide. The product is extremely important to our future and Fairfield American Corporation favors the passage of H.R. 1830 because of its favorable impact on our business and our four hundred customers who use the product.

Fairfield is a member and Chairs the Piperonyl Butoxide Task Force which has been working with the EPA to satisfy all FIFRA requirements. Fairfield is the major supplier to the U.S. market. Our requirements cannot be met with U.S. production and we feel the public will benefit from passage of H.R. 1830.

Testimony of William D. Gullickson, Jr., President and Chief Executive Officer of McLaughlin Gormley King Company, Minneapolis, Minnesota.

In support of H.R. 1830 to equalize the tariff on Piperonyl Butoxide within the guidelines of GATT to the levels in the European Community.

SUBCOMMITTEE ON TRADE OF THE
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman, as introduction, McLaughlin Gormley King Company is a small chemical manufacturing and formulating business that supplies insecticide active ingredients and concentrates to the various sectors of the public health insect control industry.

We favor the passage of H.R. 1830 because of our long history (we were founded in 1902) of providing our customers with top quality products at the best, practicable prices.

Piperonyl butoxide is an insecticide synergist. As such, it enhances the activity of certain insecticide active ingredients, most notably natural pyrethrins. Basically, it allows lower levels of concentration of an active ingredient to be used to control insect pests. In the case of natural pyrethrins, which are expensive, a lower level of wage in finished products translates into significant savings for consumers.

Recently, the addition of piperonyl butoxide to certain agricultural insecticides (most notably pyrethroids such as permethrin, cypermethrin and esfenvalerate) has aided in combating certain insect resistance. Thus, as example, the addition of a small amount of piperonyl butoxide to a permethrin product for control of Colorado potato beetle enables the farmer to continue to get good insect control at a use level of permethrin to which the beetle was resistant, but with the synergist, it now succumbs.

Despite our small business status, we have sold our products throughout the world for many years. Most of the materials we handle move intercontinentally without tariff interference. Part of this relatively free trade status is due to the fact that no one country, or indeed, region of the world has a preponderance of control over the raw materials used by our industry. Natural pyrethrins originate in East Africa, Australia, Latin America and China. The flower from which this insecticide comes, Chrysanthemum cinerariaefolium, can be grown in many parts of the world (including the U.S.A.; we and the U.S. Navy grew it in Oregon during WWII). Synthetic pyrethroids are made in many countries around the globe.

Piperonyl butoxide is manufactured here, in Europe, Japan, and Brazil. It is derived from natural material known commonly as sassafras oil (which gets hydrogenated and then reacted with butyl carbitol to make piperonyl butoxide).

As an insecticide synergist, piperonyl butoxide has always provided definitional problems for our (and other countries) customs officials. By itself, it has virtually no effect on insects. It must be used with an insecticide to show activity. H.R. 1830 clarifies the classification issue, which will be helpful to our industry.

More importantly, the U.S. duty on piperonyl butoxide is due to the improper classification. While H.R. 1830 cleans up one definitional issue, it goes further to set the duty on par with the European Community. As a free trade advocate, I don't like duties of any sort, yet I understand their necessity at times.

For the American consumer, as well as the industries that directly rely on piperonyl butoxide availability, our current duty only increases costs. It does not safeguard any jobs (the American producers aggressively compete directly with foreign producers in world trade), nor is the trade in piperonyl butoxide of sufficient volume that the U.S. Treasury would notice a drop in duty receipts.

The U.S. duty does enable the American producers to have a higher price for this and the Canadian markets than overseas. That is not fair to us or the U.S. consumer. It raises costs unnecessarily. H.R. 1830 puts our duty position on equal footing with Europe. While I would prefer no duty, at least equal is keeping costs balanced to the major using countries (North America and Europe are the two largest consumers of piperonyl butoxide).

Mr. Chairman, I ask that you and the other members of your subcommittee unanimously endorse the passage of H.R. 1830 to the full Ways and Means Committee.

STATEMENT OF RICHARD A. MILLER, PRESIDENT
PRENTISS DRUG & CHEMICAL CO., INC.
21 VERNON STREET, CB 2000
FLORAL PARK, NEW YORK 11001

IN SUPPORT OF H.R. 1830

BEFORE THE SUBCOMMITTEE ON TRADE OF THE COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Mr. Chairman, Prentiss Drug & Chemical Co., Inc. (Prentiss) supports the passage of H.R. 1830. Prentiss is a small, family owned formulator and seller of Piperonyl Butoxide. We are a major consumer of the product and it is a very important component of nearly half of the products we sell each year.

Prentiss supports the passage of H.R. 1830, which would equalize the tariff on Piperonyl Butoxide within the guidelines of GATT, the tariff which most signatories to GATT have already implemented. Several countries, such as Japan and Australia have gone so far as to implement a zero rate of import duty for this product.

The reduction of the current duty, which would be implemented under H.R. 1830 would be of great benefit to the general public for the following reasons:

1) Piperonyl Butoxide is an important ingredient in many pesticides for the purpose of reducing insect resistance to the effects of pesticides by hampering the insect's ability to metabolize the pesticide.

2) Piperonyl Butoxide is used throughout the country to aid in management of resistant pests infesting food and fiber crops.

3) Piperonyl Butoxide is a component in several important pesticide formulations used in public health to control mosquitoes and other potential disease vectors. The use of Piperonyl Butoxide allows for the application of less insecticide than would otherwise be necessary.

4) Piperonyl Butoxide is also used in many consumer pesticide products and, due to its effect allowing the use of as little as half as much of the primary toxicant to be used as would otherwise be necessary, it enables manufacturers to save on these costly ingredients, and allows for lower retail cost than would otherwise be possible.

In addition, there are some direct benefits for Prentiss, and its 40 employees across the country. The ability to source our needs of Piperonyl Butoxide on a competitive basis from all world sources enables us to remain competitive in the market place. In addition, if there were a sudden need for vastly increased volumes of product in order to address a specific need in the agricultural marketplace, we need access to competitively priced product in order to provide the most cost effective product to the American farmer.

This last issue is perhaps the most important: American farmers have suffered ever increasing economic distress over the last few years. Piperonyl Butoxide, especially formulated to meet the needs of American agriculture can be instrumental in saving not only on the direct cost of product applied to each acre of crop, but its enhancement of the performance of many useful agricultural pesticides can save many tons of food production each year from the ravages of pests.

H.R. 1831

To provide for the temporary suspension of duty on certain chemicals, and for other purposes

See also Rubber Manufacturers Association under H.R. 1843

STATEMENT OF MONSANTO COMPANY ON HR 1831, HR 1858 AND HR 2006

HR 1831

Monsanto Company supports HR 1831 which provides for the temporary suspension of duty and to rescind the duty retroactive to December 31, 1990 on diphenyl guanidine/di-o-tolylguanidine (DPG/DOTG) and dicyclohexylbenzothiazylsulfenamide(DCBS), each of which is used as an accelerator in processing rubber products including tires. A previous temporary suspension of the duty on imports of DPG/DOTG and DCBS lapsed on 12/31/90.

DPG was last produced in the United States by American Cyanamid in 1982. Because of the decline in worldwide demand, it is very unlikely that domestic production will resume in the foreseeable future. Monsanto serves the North American market by importing DPG from the United Kingdom. DPG falls within the Harmonized System (H.S.) category of 2925.20.30 and was covered by H.S. 9902.29.56 when the duty was suspended.

DCBS has never been produced commercially in North America. Because worldwide demand is low, domestic production of DCBS is also unlikely. Monsanto serves the U.S. market by importing DCBS from Belgium. DCBS is included in H.S. 2934.20.50. When the duty was suspended, the H.S. number was 9902.29.77.

The tire market is truly a worldwide market. Extracting a duty on DPG and DCBS will make American tire producers pay more for these accelerators than European competitors. Because there continues to be no domestic sources of DPG and DCBS, Monsanto supports HR 1831 to renew the temporary suspension of duties on these products from the prior expiration date through January 1, 1995.

HR 1858

Monsanto Company supports HR 1858 which provides for the temporary suspension of duty on Basic Blue 1 dye. Basic Blue 1 is the Color Index Number for a bright greenish basic blue liquid dyestuff used by Monsanto in the production of fibers for textile and apparel markets.

Color is an important characteristic in the acrylic fiber business. Monsanto uses a variety of dyes from several suppliers in our product lines. One dyestuff in particular, a Basic Blue 1 dye, is unique. We are unable to duplicate the characteristic flare of this dye with other commercially available dyestuffs.

Although Mobay Corp. and Hilton-Davis formerly manufactured Basic Blue 1 in the U.S., it has not been produced domestically since the early '80s. Today, the product is imported from Germany. There is neither a domestic manufacturer of Basic Blue 1, nor a suitable U.S. produced alternative that we can substitute for Basic Blue 1 in our fiber operations.

Eliminating the 20% duty on this product will improve the competitive position of domestic manufacturers using Basic Blue 1, and hence improve the competitiveness of U.S. produced textiles and apparel containing in this dyestuff. For these reasons and because there is no domestic supply of Basic Blue 1, Monsanto supports HR 1858 which would suspend the duty on this material until January 1, 1995.

HR 2006

Monsanto Company supports HR 2006 which provides for a temporary suspension of the duty on the chemical bis-(aminophenoxyphenyl) propane. This material is a specialty chemical which may be used as a monomer and as a curing agent for thermoset polymers.

Bis-(aminophenoxyphenyl) propane has been produced on a developmental scale by Mallinckrodt, Inc. in St. Louis, MO and by Wakayama Seika Kogyo Co., Ltd. in Japan. Mallinckrodt discontinued production in 1989, leaving the U.S. with no domestic supplier.

Monsanto uses this chemical as an intermediate in the manufacture of a specialty resin. The resin, which provides high temperature resistance to printed wiring boards for electronic applications, has important advantages over competitive products in the areas of performance, toxicity reduction and domestic source of supply. Advantages include improved toughness, flame resistance and reliability. Our product replaces materials produced overseas, hence providing a domestic source of critical components for high performance military and commercial wiring boards.

The high duty on imported bis-(aminophenoxyphenyl) propane places Monsanto at a cost disadvantage compared with imported resins. This hinders Monsanto's effort to compete successfully against the imported end product resins.

Exacting a duty on bis-(aminophenoxyphenyl) propane makes Monsanto's manufacturing costs of producing a useful product in the U.S. more expensive and nearly prohibitive. Because there is no domestic source of bis-(aminophenoxyphenyl) propane, Monsanto supports H.R. 2006 which would suspend the duty on this material until January 1, 1995.

June, 1991

Thomas M. Helscher
Director, Congressional Affairs
Monsanto Company
700 14th Street, N.W.
Suite 1100
Washington, D.C. 20005

Tel: 202-783-2460

H.R. 1832

To suspend temporarily the duty on certain chemicals, and for other purposes

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CIBA-GEIGY

CIBA-GEIGY Corporation
1747 Pennsylvania Ave., N.W.
Suite 700
Washington, D.C. 20006
202 293 3019

April 29, 1991

Mr. Robert J. Leonard
Chief Counsel/Staff Director
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6348

Dear Mr. Leonard:

The Dyestuffs & Chemicals Division of CIBA-GEIGY Corporation opposes the passage of H.R. 1832 which will lower the duty on

4,4'-Diaminostilbene-2,2' Disulfonic Acid Sodium Salt
(subheading 2921.59.50 in the Harmonized Tariff Schedule.)

from 2.4¢/kg + 18.8% to 10.5%. The Dyestuffs & Chemicals Division of CIBA-GEIGY Corporation manufactures this product as an intermediate in the production of fluorescent whitening agents at its plant in McIntosh, Alabama. If other producers of fluorescent whitening agents are able to purchase imported 4,4'-Diaminostilbene-2,2' Disulfonic Acid Sodium Salt at the reduced duty provided by H.R. 1832, this will result in an economic disadvantage and ultimately reduced demand for fluorescent whitening agents manufactured by CIBA-GEIGY using 4,4'-Diaminostilbene-2,2' Disulfonic Acid Sodium Salt produced at its McIntosh, Alabama plant.

Furthermore, CIBA-GEIGY manufactures at its McIntosh, Alabama plant and sells 4,4'-Diamino-2,2'-Stilbene Disulfonic Acid, which is the precipitated acid form used in the manufacture of fluorescent whitening agents. Manufacturers of fluorescent whitening agents have the choice of either purchasing 4,4'-Diamino-2,2' Stilbene Disulfonic Acid and adding sodium hydroxide to produce 4,4'-Diaminostilbene-2,2' Disulfonic Sodium Salt or purchasing 4,4'-Diaminostilbene-2,2' Disulfonic Sodium Salt. The reduction in duty proposed in H.R. 1832 would result in economic disadvantage and ultimately reduce demand for 4,4'-Diamino-2,2' Stilbene Disulfonic Acid produced by CIBA-GEIGY at its McIntosh, Alabama plant. CIBA-GEIGY is the sole manufacturer of 4,4'-Diamino-2,2' Stilbene Disulfonic Acid in the United States.

We will be pleased to meet with you to discuss this issue in greater detail. If you would be interested in a meeting, please call me (202) 293-3019.

Sincerely yours,

M. Lyons

Marge Lyons
Manager
Legislative Affairs

CIBA–GEIGY

CIBA-GEIGY Corporation
1747 Pennsylvania Ave., N.W.
Suite 700
Washington, D.C. 20006
202 293 3019

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel/Staff Director
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515-6348

Dear Mr. Leonard:

On April 29, I submitted comments on behalf of the Dyestuffs & Chemicals Division of CIBA-GEIGY Corporation opposing the passage of H.R. 1832 which will lower the duty on:

4,4'-Diaminostilbene-2,2' Disulfonic Acid Sodium Salt
(subheading 2921.59.50 in the Harmonized Tariff Schedule.)

In addition to the comments made in my letter, the following information is provided to support our opposition to the duty reduction sought under H.R. 1832 for the above product.

The Dyestuffs and Chemicals Division of CIBA-GEIGY Corporation manufacturers

4,4'-Diamino-2,2'stilbenedisulfonic acid
and
4,4'-Diamino-2,2'stilbenedisulfonic acid sodium salt

These chemicals represent over 30% of our production in McIntosh, Alabama. Our manufacturing business is approaching $100 million annually, and we are a major employer in this area.

Even with existing duties, we have forfeited in excess of 20% market share to China, India and other "off-shore" producers attempting to enter our markets. Reduction of tariffs on either of these two products will further erode our market share and jeopardize recovery of recent investment in our production facilities.

Since 1988, CIBA-GEIGY has invested $34 million in environmental control technologies and equipment specifically for the production of the acid and the acid sodium salt products. The impact of these investments has reduced our waste by:

- Solid waste - 10 million pounds/year
- Organic waste - 4 million pounds/year
- Salts - 16 million pounds/year
- Spent acid - 23 million pounds/year

The CIBA-GEIGY Dyestuffs and Chemicals Division has made a substantial financial and technological investment to mitigate environmental degradation from our production processes; the effect of lowering tariffs on either of our two products after we have made such a sizeable investment is to penalize us, the domestic producer, and to reward the off-shore producers who do not have to meet U.S. standards for environmental control and for worker health and safety.

Reducing tariffs will most likely result in reduced sales and loss of jobs:

- Due to the design of our manufacturing processes, we gain maximum efficiencies when we operate at higher production rates. Consequently, loss of volume would mean operating only a portion of the time. Our best estimate of lost jobs is 10 operators.

- Total shutdown of the production would put 50 people out of work.

CIBA-GEIGY Limited, the parent of CIBA-GEIGY Corporation, invested in this plant to serve the North and South American markets in the most economical manner. We made this decision under the long range projection that the investments would supply American customers with a cheaper product than could be sent from other CIBA-GEIGY Group production facilities. At the same time, the CIBA-GEIGY Group continues to make these products in Europe. Reducing the tariff on 4,4'-Diaminostilbene-2,2' Disulfonic Acid Sodium Salt casts doubt over the practicality of maintaining two production units.

I will be happy to discuss our opposition to the passage of H.R. 1832 at any time convenient for you.

Sincerely yours,

M. Lyons

Marge Lyons
Manager
Legislative Affairs

P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 24, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

I write on behalf of Mobay Corporation to express support for H.R. 1832 that requests extending the duty suspensions on several chemical products, namely; 6-amino-1-naphthol-3-sulfonic acid, diphenyl quanidine/di-o-tolylquanidine, and dichlorohexylbenzothiazylsulfenamide.

The initial requests for suspending duties were not controversial because none of these chemical products was produced in the United States, and neither did they compete with products manufactured domestically. To the best of our knowledge, these conditions still exist.

In summary, the requested extension of duty suspensions will not harm American industry. In fact, continuing to waive these duties will help domestic users of these chemical products to compete in domestic end-use markets and abroad.

We respectfully ask the Committee to give favorable treatment to the requests contained in H.R. 1832.

Thank you.

Sincerely,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

PGG/bjh

P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 30, 1991

The Honorable Sam Gibbons
Chairman, Trade Subcommittee
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

On behalf of Mobay Corporation, I write to show their support for the proposed changes in duty rates on the imported chemicals covered in H.R. 1832.

In the case of 4.4-diaminostilbene-2,2′-disulfonic acid (also known as Flavonic Acid) and the disodium salt, H.R. 1832 is designed to correct an inequity in tariff rates. Due to a quirk in Custom's classification, the free acid and salt are in different classes carrying different rates (10.5% for the acid and 18.8% for the salt). The acid is produced in the United States but not the salt. Mobay imports the salt from its parent in Germany.

Since the chemical identities are essentially the same and both chemicals can be used interchangeably, it is believed that they should and can be classed together at the same rate of 10.5 percent. Mobay strongly urges the Committee to give favorable treatment to this request.

Mobay also supports the temporary suspension of duty on p-aminoazobenzene-3,4-disulfonic acid and the sodium salts which is used in the making of certain dyes and pigments. The acid or salts of the acid are not produced in the United States, therefore, no harm will be done to American industry from waiving duties on them.

Mobay respectfully asks that the Committee approve the requests contained in H.R. 1832.

Thank you.

Sincerely yours,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

BJH/bjh

H.R. 1835

To provide for additional extension periods, not exceeding 2 years in the aggregate, in the time allowed for reexportation of certain articles admitted temporarily free of duty under bond

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STATEMENT IN SUPPORT OF H.R. 1835

Submitted by
Lawrence R. Greenwood, Vice President and General Manager
GE Astro-Space Division

This statement is submitted in support of H.R. 1835 by General Electric Astro-Space Division ("GE Astro"). GE Astro is a major manufacturer of communications satellites, among other products. GE Astro supports enactment of H.R. 1835, which would remedy numerous problems engendered by the Challenger disaster and subsequent failures of launch vehicles for communications and other satellites.

Communications satellites and parts thereof are duty free under HTS items 8802.50.30 and 8803.90.30. However, for technical reasons, some components of communications satellites find classification elsewhere in the tariff schedules, often at relatively high duty rates. In such cases, an HTS provision for temporary importation under bond (TIB), 9813.00.05, provides for duty free treatment if the article is exported or launched within a period of one year, with extensions to a total of three years.

H.R. 1835 would allow additional extensions of up to two years for export or launch of communications satellite components entered under TIB. GE Astro strongly supports the enactment of H.R. 1835 for the following reasons:

First, the tragedy of the Challenger disaster, and subsequent failures of other unmanned launch vehicles, has added a high degree of delay and uncertainty to the scheduling of the exportation of communications satellites for launch into space, or their direct launch. Because satellites often require long lead times for manufacture, subsequent delay in launch schedules easily can cause a failure to export an imported component within the maximum three-year period allowed under current law. As a result, bond conditions may be breached through no fault of the importer, subjecting the importer to liquidated damage claims of up to twice the duty otherwise due on importation.

Second, the current three-year maximum period for export impedes the ability of U.S. satellite manufacturers to purchase imported components in the most efficient manner possible. Components that are purchased offshore could be ordered in larger lots at reduced cost, but for the requirement that they may be held in the U.S. for only three years prior to launch. The ability to purchase at lower cost in "quantity buy" lots would make U.S. satellite manufacturers more competitive in the world market, with positive effects on the balance of trade.

Third, ensuring an administratively convenient method for the duty-free temporary importation of articles incorporated into communications satellites is necessary to allow domestic manufacturers to compete on an equal footing with foreign manufacturers. Because foreign-made communications satellites are duty free, domestic manufacturers are disadvantaged when they must pay duty or liquidated damages on imported components that cannot be exported or launched within the bond period due to no fault of the importer.

Extending the time for export to five years conforms the temporary importation under bond procedure to the five-year period after importation allowed for duty drawback, but would allow the administrative convenience of the temporary importation under bond procedure to continue to apply. Thus, enactment of H.R. 1835 will have no adverse effect on the revenue.

Finally, GE Astro also supports section 3 of the bill, which would limit liquidated damages in the case of existing bonds whose exportation requirement was breached due to launch delays resulting from the Challenger disaster and other launch system failures or technical delays, and for which the relief of this bill was not available. The bill would codify the existing practice of the Customs Service to mitigate liquidated damages to 1% of the amount allowed by the bond, and would allow elimination of the costly and time-consuming petitioning process. This would be welcome relief for those pending cases that resulted from unanticipated launch delays, and would lessen the administrative burden on both the temporary importer and U.S. Customs.

Now, more than ever, it is important to remove unnecessary barriers to the competitiveness of the U.S. communications satellite industry. Once dominant, the U.S. industry now faces severe competition in communications satellite production. Removing impediments to global competitiveness is necessary to ensure the continued success of this important U.S. industry in the 1990's.

L. R. Greenwood
Division Vice President
and General Manager
GE Astro-Space Division

H.R. 1836

To suspend until January 1, 1995, the duty on certain ceramic statues, statuettes, and hand-made flowers

No comments submitted.

H.R. 1838

To reissue a production incentive certificate

No comments submitted.

H.R. 1840

To suspend until January 1, 1995, the duty on N,N'-Ethylenebis(5,6-dibromo-2,3-norbornanedicarboximide

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H.R. 1841

To suspend until January 1, 1995, the duty on 1,2-Dibromo-4-(1,2-dibromoethyl)cyclohexane

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H.R. 1842

To suspend until January 1, 1995, the duty on Tetrabromocyclooctane

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Written Statement of Ethyl Corporation

Concerning: H.R. 1840, H.R. 1841 and H.R. 1842

Miscellaneous Tariff Bills on Three Chemicals

I. Introduction

The temporary suspension of United States duty until January 1, 1995 on imports of three small volume flame retardant chemicals covered by H.R. 1840, 1841 and 1842 will not have an adverse economic impact on any U.S. consumer or potential U.S. manufacturer of subject chemicals. These three specialty chemical products are manufactured for, and marketed only by Ethyl Corporation.

Flame retardant chemicals constitute one segment of the plastics additives industry. They encompass both inorganic and organic chemical products which are added or included in the base structure of plastic materials to reduce flammability. The total consumption of flame retardants in 1991 will exceed one billion pounds in the three major markets of the United States, Western Europe and Japan. Materials which serve this very important market include the following categories:

Aluminum Trihydrate
Antimony Oxide
Brominated Hydrocarbons
Chlorinated Hydrocarbons
Phosphate Esters
Other Miscellaneous

The three flame retardant chemical products in H.R. 1840, 1841, and 1842 are brominated hydrocarbons and are only minor products in the large plastic additives market.

Ethylenebisdibromonorbornanedicaboximide (Saytex® BN-451), the chemical in H.R. 1840, is currently custom manufactured in the United States for Ethyl Corporation. Short term future plans are to have this product manufactured in Europe for export into the United States. Dibromoethyldibromocyclohexane (Saytex® BCL-462), the chemical in H.R. 1841, and tetrabromocyclooctane (Saytex® BC-48), the chemical in H.R. 1842. are currently custom manufactured in France for Ethyl Corporation. Custom manufacture of these three products in Europe is considered a short term plan to maintain them as economically viable products. Ethyl Corporation plans to have manufacturing facilities available in the United States by the time the proposed suspension of the applicable duties expire on January 1, 1995.

II. Background

H.R. 1840

Ethyl Corporation is the U.S. patent holder for BN-451 and Ethyl or its predecessor companies have manufactured BN-451 for over 15 years. In the past five years, Ethyl has contracted several different companies in the United States that are custom manufacturers of brominated products to toll-produce BN-451. Two companies are currently under blanket purchase orders to toll-produce BN-451 for Ethyl, but these orders will expire during the fourth quarter of 1991. Two other companies have previously produced BN-451 under tolling contracts with Ethyl, but they are no longer in business or unable to produce BN-451 in a satisfactory manner. Ethyl does not view any of these companies either to be financially stable or environmentally sound to continue to provide a secured supply of BN-451. Two companies are ceasing operations for environmental reasons and one is in Chapter XI, bankruptcy.

H.R. 1842

There is no U.S. production of BC-48 or any product that is the same as BC-48. Ethyl's BCL-462 is the nearest similar product. Ethyl developed a market for BC-48, but it has no patent position. Production of BC-48 is currently being done for Ethyl under a contract to a company in France. Ethyl has attempted to find potential manufacturers of BC-48 in the United States, but it has found no suitable candidates. It is not economically viable for Ethyl to self-produce BC-48 in the near-term or until the U.S. market grows to a sufficiently economic level for Ethyl to self produce.

H.R. 1842

There is no U.S. production of BCL-462 or any product that is the same as BCL-462. Ethyl's BC-48 is the nearest similar product. Ethyl developed a market for BCL-462, but it has no patent position. Production of BCL-462 is currently being done for Ethyl under contract to a company in France. Ethyl has attempted to find potential manufacturers of BCL-462 in the United States, but it has found no suitable candidates. It is not economically viable for Ethyl to self-produce BCL-462 in the near-term or until the U.S. market grows to a sufficiently economic level for Ethyl to self produce.

III. Description and Uses of Chemicals

H.R. 1840

Since Ethyl is the U.S. patent holder for BN-451, there is no other product that is the same as BN-451. The primary use for BN-451 is in V-2 polypropylene. For this use, BN-451 has superior thermal and U.V. stability in processing and is free from bloom. The nearest competitive products, tetrabromobisphenol A-bis (2,3 dibromopropylether) (Firemaster PE-68), Non-nen 52 (Japanese product) and hexabromocyclododecane all have poor thermal stability, average U.V. stability and bloom in the processing of V-2 polypropylene.

H.R. 1841

The primary use for BCL-462 is in expandable polystyrene (EPS) beads. Ethyl's BC-48 is nearly interchangeable with BCL-462. Competitive, but less suitable and cost effective products are Ethyl's BN-451, Ethyl's HBCD (hexabromocyclododecane) and Great Lakes Chemical Corporation's Firemaster PE-68. A closer competitive product is made in Japan, FR 651-P (chloropentabromocyclohexane), but it does not perform in some U.S. consumer EPS processes as well as BCL-462.

H.R. 1842

The primary use for BC-48 is in expandable polystyrene (EPS) beads. Ethyl's BL-462 is nearly interchangeable with Ethyl's BC-48. Competitive, but less suitable and cost effective products are Ethyl's BN-451, Ethyl's HBCD (hexabromocyclododecane) and Great Lakes Chemical Corporation's Firemaster PE-68. A closer competitive product is made in Japan, FR 651-P (chloropentabromocyclohexane), but it does not perform in some U.S. consumer EPS processes as well as BC-48. There are two primary users of BC-48 or FR 651-P in the United States. One uses BC-48 or Ethyl's BCL-462 and the other uses FR 651-P imported from Japan.

Summary

Temporary suspension of U.S. duties on these three flame retardant chemical products will not have any adverse effects on domestic producers and will help domestic consumers. The proposed suspensions should allow sufficient time for U.S. markets to grow to the level where Ethyl can start self producing these three chemicals in the United States. If temporary U.S. duty suspensions are not granted, there is a strong possibility that Ethyl would exit the business in these three products because of their marginal economics and the current necessity of seeking non-Ethyl production offshore. The uncollected duty impact from temporarily suspending U.S. duty assessment on these three chemicals, based on current sales forecasts for 1992 through 1994, is estimated to be $450 thousand.

Ethyl Corporation urges the Subcommittee on Trade to report favorably H.R. 1840, 1841, and 1842. To do otherwise would unnecessarily increase the costs of materials not available in the United States and threaten the discontinuance of these products being available to the current U.S. consumers.

Respectfully submitted,

ETHYL CORPORATION

By:

Max Turnipseed
Manager
International Trade Affairs

June 12, 1991

Ethyl Corporation
1155-15th Street, N.W., Suite 611
Washington, D.C. 20005
Telephone: (202) 223-4411

H.R. 1843

To suspend until January 1, 1995, the duty on certain chemicals

H.R. 1844

To extend until January 1, 1995, the existing suspensions of duty on certain chemicals

Prochimie
International, Inc.

488 MADISON AVENUE, NEW YORK, N.Y. 10022
Tel: 212/888-0240 Fax: 212/765-7051

June 12, 1991

The Honorable Sam Gibbons
Chairman
Subcommittee on Trade
US House of Representatives
1102 Longworth Office Building
Washington, D.C. 20515

RE: HR 1843, HR 1844

Dear Congressman Gibbons:

We are writing in comment and support of HR 1843 and 1844, bills introduced by Representative Beryl Anthony which would suspend temporarily the duty on several rubber chemicals which are no longer produced in the United States. These products include N-nitroso diphenylamine, diphenyl thiourea (DPTU), dipenta methylthiuram tetrasulfide (DPTT), diphenyl guanidine (DPG), and diorthotolyl guanidine (DOTG), dicyclohexyl benzothiazyl sulfenamide (DCBS). DPG and DOTG, which are included in HR 1844, had duty suspended for the past six years, unfortunately, this suspension lapsed at the beginning of this year.

We wish to bring to your attention the special urgency of action on this legislation during this session of the 101st Congress, since it would be of immediate aid to the U.S. rubber and tire industry. Paramount, of course, is the need to help the tire manufacturers in their efforts to be cost effective in world competition. Indeed both the U.S. tire producers and the consumers will benefit from an early passage of these bills allowing important savings to both.

Since recovery of this sector of the U.S. economy is important to our total national economic health, this duty suspension is widely supported by the chemical producers, the tire and rubber industry and the consumers. Prochimie as an importer of the above chemicals and a major supplier to the tire and rubber industry also strongly supports passage of HR 1843 and HR 1844.

Sincerely yours,
PROCHIMIE INTERNATIONAL, INC.

WRoston
William A. Roston
President

RMA.

RUBBER MANUFACTURERS ASSOCIATION
1400 K Street, N.W. | Telephone:(202) 682-4800
Washington, D.C. 20005 | Telefax: (202) 682-4854

Comments on H.R. 1843 & H.R. 1844 (Mr. Anthony)
to the Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives

Submitted by the Rubber Manufacturers Association
Thomas E. Cole, President

The Rubber Manufacturers Association (RMA) supports the passage of H.R. 1843 and H.R. 1844, bills to suspend the duty on certain chemicals until January 1, 1995.

The Rubber Manufacturers Association is the national trade association for the rubber manufacturing industry, representing approximately 200 companies with a work force of over 25,000 engaged in the production of rubber goods, articles and components. The membership includes both large, well-known tire and rubber companies and many small, family-run businesses. Products manufactured by RMA's members include tires, tubes, hose, belting, footwear, surgical devices and sporting goods.

The chemicals listed in H.R. 1843 and 1844 are organic compounds that are primarily added as accelerators to natural and synthetic rubber to give them qualities necessary for their conversion into finished rubber goods. They are used by virtually every rubber producer in the United States. The data below outlines the current harmonized tariff schedule for each of the chemicals listed in the two bills:[1]

Chemical	Lbs. used per year	$/lb.	Duty Rate	Total Duty/Yr
H.R. 1843:				
N-nitroso diphenylamine	.2 million	$4.00	18.1%	$144,800
Tetramethylthiuram monosulfide	1.8 million	$2.00	3.7%	$133,000
Diphenyl thiourea	.5 million	$3.00	6.7%	$100,500
Dibutyl thiourea	.5 million	$3.50	3.7%	$67,750
Ethylene thiourea	.8 million	$3.00	7.9%	$189,600
Dipenta methylthiruam tetrasulfide	.5 million	$3.00	13.5%	$203,000
H.R. 1844:[2]				
Diphenylguanidine	2 million	$2.10	15%	$630,000
Di-o-tolylguanidine	.75 million	$2.70	15%	$303,750
Di-cyclohexylbenzothiazylsulfenamide[3]			(16.5% + $1.50)	

None of the chemicals listed in H.R. 1843 and H.R. 1844 are produced in the United States, nor are there any viable, domestically produced substitutes. Since 1988, the domestic productions of the chemicals listed in H.R. 1843 has ceased, forcing the rubber industry to procure these chemicals outside the United States. The American chemical industry, therefore, would not be affected by the passage of H.R. 1843 and 1844. The chemicals listed in H.R. 1844, have maintained a duty-free status for the past for the past six years. The duty suspension on the chemicals expired on January 1, 1991. RMA would support a reliquidation of duties for these chemicals.

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[1] All figures are estimates. Data courtesy of Prochimic International, Inc.; 466 Madison Avenue, New York, NY 10022.

[2] These chemicals are also contained in H.R. 1831 (Santorum R-PA). RMA also supports Mr. Santorum's legislation.

[3] Data not available for dicyclohexylbenzothiazylsulfenamide.

The rubber industry is facing an ever tightening economy as well as increased competition for domestic and world market share by foreign companies. New environmental standards will require a substantial amount of capital for proper compliance. Companies are cutting back on expenditure in all facets of the industry while trying to maintain its standard of excellence in the rubber manufacturing field.

RMA recognizes that last year's budget agreement calls for revenue neutral legislation and H.R. 1843 and H.R. 1844 are revenue negative bills. The industry, however, stands to save a potential $1 million per year in duty suspensions on the chemicals listed in H.R. 1843 and another $1-2 million per year on the six chemicals listed in H.R. 1844. It is a substantial figure to a struggling industry and could make the difference to assure domestic competition for some companies. RMA and its members would welcome the opportunity to work with the Department of Commerce, the International Trade Commission, and the U.S. Trade Representative to eliminate tariffs on the aforementioned chemicals.

Respectfully submitted,

Thomas E. Cole
President

H.R. 1846

To suspend until January 1, 1995, the duty on 3-amino-acetanilide-4-sulfonic acid

No comments submitted.

H.R. 1847

To suspend until January 1, 1995, the duty on 2,4-dinitro aniline

No comments submitted.

H.R. 1848

To suspend until January 1, 1995, the duty on chloranil

No comments submitted.

H.R. 1849

To suspend until January 1, 1995, the duty on diazo-2,1,4-sulfonic acid and its salts

CHEMDESIGN CORPORATION
Fine Chemicals and Intermediates

99 DEVELOPMENT ROAD
FITCHBURG, MA 01420 U.S.A.
Telephone: (508) 345-9999
Telex: 516328
Telefax: (508) 342-9769

June 18, 1991

Honorable Samuel M. Gibbons
U.S. House of Representatives
Washington, D.C. 20515

Re: H.R. 1849 -- Suspension of Duty on Diazo-2,1,4-Sulfonic Acid and Its Salts -- CAS No. 36451-09-9

Dear Congressman Gibbons:

ChemDesign Corporation hereby opposes the suspension of the duty imposed upon Diazo-2,1,4-Sulfonic Acid and its salts (the "Product") which is the subject of H.R. 1849 sponsored by Mr. Ballenger.

ChemDesign is headquartered in Fitchburg, Massachusetts and is engaged primarily in the development, manufacture and sale of fine and specialty chemicals. ChemDesign currently manufactures a number of chemical intermediates that are used in the semiconductor and lithographic industries. By virtue of its relationship with a number of customers serving these industries, ChemDesign believes that the Product may become one of the key precursors to the development of the next generation of photo-active compounds used by these important domestic industries.

ChemDesign intends to manufacture the Product for commercial sale in the United States. It has developed a manufacturing process for the Product and is currently evaluating the commercial application of that process. Presently, there are no other U.S. manufacturers of the Product.

ChemDesign believes that the suspension of the duty on the Product pursuant to H.R. 1849 will have a chilling effect on the development of a stable domestic source for the Product. Without a reliable U.S. manufacturer of the Product, the important domestic semiconductor and lithographic industries will be dependent upon foreign sources for a chemical intermediate that may play a pivotal role in their ability to compete successfully in their global markets. Accordingly, ChemDesign opposes the adoption of H.R. 1849.

Very truly yours,

George V. Austin II

George V. Austin, II
Senior Vice President,
Marketing

H.R. 1850

To suspend until January 1, 1995, the duty on acet-p-anisidine

No comments submitted.

H.R. 1851

To extend until January 1, 1995, the existing suspension of duty on certain piston engines

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WILEY, REIN & FIELDING

1776 K STREET, N. W.
WASHINGTON, D. C. 20006
(202) 429-7000

CHARLES OWEN VERRILL, JR.
(202) 429-7323

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1851, Extension of Existing Duty Suspension on Certain Piston Engines

Dear Mr. Leonard:

These comments are submitted on behalf of Club Car, Inc., P.O. Box 4658, Augusta, Georgia, 30917-4658, in support of H.R. 1851, legislation to extend the temporary duty suspension on certain piston engines used in the manufacture of snowmobiles, golf cars, non-amphibious all-terrain vehicles, and burden carriers.

Club Car is a major, U.S. manufacturer of gasoline-powered golf cars which utilize four-stroke piston engines. Club Car must import these engines because comparable engines are not manufactured in the United States. Under the former Tariff System of the United States ("TSUS"), these engines were imported duty-free. However, problems in converting from the TSUS to the Harmonized Tariff System ("HTS") caused them to be included in a category with a 3.1 percent duty, even though the Harmonized System was adopted with the clear congressional intent that it be implemented in a revenue-neutral manner. In order to correct this problem, Congress included a temporary duty suspension on these engines in the Customs and Trade Act of 1990 (P.L. 101-382). The original suspension was supported by the major U.S. golf car manufacturers and by the U.S. Department of Commerce. H.R. 1851 would simply extend the current duty suspension for an additional two-year period.

The golf car market is highly competitive, and Club Car is always striving to improve its productivity and efficiency to remain competitive with other U.S. manufacturers and with imports. Maintaining duty-free status for four-stroke cycle piston engines, a major component of Club Car's product, is important to this effort, particularly in competing against growing imports of low-priced golf cars from South Korea and Poland. In addition, we anticipate no adverse impact on U.S. manufacturers from the duty suspension, since these engines are not produced in the United States.

Club Car therefore supports H.R. 1851 and urges the Committee to include it as part of any omnibus miscellaneous trade and tariff bill.

Sincerely,

Charles Owen Verrill, Jr.
Eileen P. Bradner
Counsel to Club Car, Inc.

Polaris Industries L.P. Comments Regarding H.R. 1851 To Extend the Temporary Suspension of Duty on Certain Piston Engines

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Polaris Industries L.P. produces snowmobiles, all-terrain vehicles (ATVs) and burden carriers for the U.S. market as well as for export. Polaris, like other domestic manufacturers of these vehicles, must foreign source all engines for these vehicles since there are no domestically produced ATV or snowmobile engines on the market. Polaris has continued its contacts with domestic small engine manufacturers but is not optimistic that a U.S. supplier for its engines will emerge in the near future.

Under the T.S.U.S., these engines entered duty-free; under the Harmonized System these engines are classified in categories which carry a 3.1 percent duty rate. When Congress converted to the Harmonized System, it intended to enhance United States competitiveness. Rather than assist Polaris in its competitive position, the Harmonized System treatment for these engines will pressure Polaris to raise the prices of its products to compensate for this new expense. This will place us at a competitive disadvantage domestically and internationally at a time when we continue to be under intense competitive pressures from large Japanese companies.

No explanation was provided for the tariff rate increase under the Harmonized System. The change in tariff nomenclature which provided for more exact categories of internal combustion engine imports, also had the unintended effect of classifying these previously duty-free engines with engines carrying a 3.1 percent duty rate. This duty rate change was in direct contrast to the treatment afforded engines for use in personal watercraft, which are similar to the engines at issue and which enter duty-free under the Harmonized System.

It is not possible for Polaris to estimate the total revenue impact of H.R. 1851. However, Polaris believes it imports a major portion of these engines for snowmobile, ATV and burden carrier use. In 1990 Polaris imported $38,936,347.74 of these engines by value. At a 3.1 percent tariff rate, this translates into $1,207,026.78 in foregone tariff revenue in 1990.

Therefore, Polaris requests extension of the temporary duty suspension for piston-type engines with a cylinder capacity exceeding 50 cc but not exceeding 1,000 cc (provided for in Heading 8407.32.20 and 8407.33.20) to be installed in vehicles specifically designed for travelling on the snow, golf carts, non-amphibious all-terrain vehicles and burden carriers (provided for in subheading 8703.10.00 or 8703.21.00). The current suspension is found at Heading 9902.84.07 of the Harmonized Tariff Schedule. This is not a difficult provision to administer; a small number of companies import the subject engines which all come from one country and enter primarily through two ports.

Polaris would be happy to provide additional information or answer any questions concerning this matter.

PUBLIC VERSION

Washington Office

1090 Vermont Avenue, N.W.
Suite 1100
Washington, D.C. 20005
(202) 289-5800

May 31, 1991

Mr. Robert Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

RE: H.R. 1851

Dear Mr. Leonard:

The E-Z-Go division of Textron Inc. would like to express its strong support of H.R. 1851, legislation sponsored by Congressmen Barnard and Jenkins, which would continue until January 1, 1995 the existing extension of duty on certain piston engines.

Founded in 1954, E-Z-Go is the world's largest golf car producer. It also manufactures a line of utility vehicles for turf, industrial and commercial markets.

H.R. 1851 would extend the tariff suspension on two and four cycle engines used to power snowmobiles, all-terrain vehicles, burden carriers and golf cars for two additional years until January 1, 1995. The existing tariff suspension is now listed under HTSUS #9902.84.07, which expires on December 31, 1992.

E-Z-Go has imported two and four cycle piston engines for its gasoline-powered golf cars since the early 1970s. Its supplier throughout this period has been Fuji Heavy Industries of Japan. E-Z-Go over the years has made a concerted effort to find an independent domestic supplier for its gasoline engines. Currency fluctuations, high transportation costs and easier customer-supplier communications have all served as a major incentive for E-Z-Go to look for a U.S. manufacturer.

PUBLIC VERSION

E-Z-Go has spoken with most of the major U.S. small engine manufacturers in recent years to review its engine needs. Unfortunately, most of these potential vendors do not have an appropriately sized engine that can meet the rigorous requirements associated with golf car use. The few engines E-Z-Go has seen that would appear appropriate for this application have been unable to meet E-Z-Go's price, quality and performance requirements. In addition, no American small engine manufacturer is willing to undertake the development costs associated with a new golf car engine because the volume levels of a single manufacturer are not sufficient to justify such a project economically. Furthermore, since the engine is a major discriminating factor in a golf car's performance, it is unlikely that an engine developed for one golf car company would be sold to the other two major manufacturers.

E-Z-Go has continued its discussions with domestic small engine manufacturers, even during the period since the tariff on golf car engines was suspended. Unfortunately, we do not believe that an independent domestic supplier of this product can meet E-Z-Go's requirements during the two year period covered by H.R. 1851.

The golf car market continues to be extremely competitive. Imports from Poland and South Korea have surged during the first two months of 1991. Polish golf car imports will, effective June 1, 1991, benefit from duty-free treatment under the Generalized System of Preferences. Passage of H.R. 1851 will help domestic golf car manufacturers like E-Z-Go control costs and remain competitive with imported golf cars. In addition, the lack of any viable independent domestic manufacturer of these engines means that there will not be a negative impact on an American company due to the passage of H.R. 1851.

Since H.R. 1851 covers not only golf cars, but also all-terrain vehicles, snowmobiles and burden carriers, it is impossible for E-Z-Go to estimate the total revenue impact of H.R. 1851. However, E-Z-Go can estimate that its anticipated imports of gasoline golf car engines during the two year period covered by the legislation would have approximately a ($_______) revenue impact if the 3.1 percent tariff on such engines was not imposed. This assumes the annual importation of (_____) engines at an average value of ($____).

PUBLIC VERSION

The passage of H.R. 1094 in the 101st Congress returned gasoline golf car engines to the duty-free status they had prior to the effective date of the Harmonized Tariff Schedule of the United States in January 1989. H.R. 1851 continues that tariff treatment and will benefit the domestic golf car industry. We strongly urge the passage of H.R. 1851.

Sincerely,

Steven Wein

Steven Wein
Director - Government and
International Affairs
Textron Inc.

YAMAHA Motor Manufacturing
Corporation of America

May 22, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, D.C. 20515

RE: Comments on H.R. 1851, Legislation to extend until January 1, 1995, the existing suspension of duty on certain piston engines.

Dear Mr. Leonard:

I am writing to indicate the support of Yamaha Motor Manufacturing Corporation of America for H.R. 1851, which would extend the existing duty suspension on 2-stroke and 4-stroke engines for golf cars, snowmobiles, and other vehicles.

This suspension was enacted as part of miscellaneous tariff legislation in the 101st Congress and will expire on December 31, 1992. The suspension was necessary because neither type of engine is commercially available domestically, and such engines had enjoyed duty-free treatment prior to the enactment of the Harmonized Tariff Schedule. The original suspension was supported by the three major golf-car manufacturers in the United States, Yamaha, E-Z GO and Club Car, and by the Administration.

We are pleased to support this legislation and hope that the Committee will act favorably on it, either separately or as part of any miscellaneous tariff bill.

Sincerely,

George H. Bullard
Vice President
Finance & Administration

GHB:jh

Newnan, Georgia 30265-1320
Telephone (404) 254-4000 Facsimile (404) 254-4321

H.R. 1853

To provide for the duty-free liquidation or reliquidation of, and the refund of customs duties for, certain entries of tissue paper products

BEFORE THE SUBCOMMITTEE ON TRADE

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

COMMENTS OF KIMBERLY-CLARK CORPORATION IN SUPPORT OF H.R. 1853

These comments are submitted on behalf of Kimberly-Clark Corporation in support of H.R. 1853, a bill intended to remedy certain effects of the conversion to the Harmonized Tariff Schedule ("HTS") on January 1, 1989, which caused the inadvertent loss of GSP eligibility for certain tissue paper products from Mexico. H.R. 1853 is the only remedy left to Kimberly-Clark Corporation and its Mexican affiliate, Kimberly-Clark de Mexico, to recover import duties paid during the 18-month period during which tissue paper products from Mexico were without GSP eligibility, and has been resorted to only after all possible administrative efforts to obtain relief have been exhausted. But for the conversion to the HTS, tissue paper products from Mexico would not have lost their GSP eligibility, and would have remained eligible for duty-free treatment during the 18-month period in question.

Prior to the conversion to the HTS, tissue paper products from Mexico were classified under either TSUS item 256.3010 or TSUS item 256.9510 (articles classified under TSUS item 256.9510 had, until mid-1987, been classified under TSUS item 256.9010, which was phased out at this time), and were GSP eligible. In converting to the HTS, and in order to determine which HTS provisions would be designated as GSP eligible, the International Trade Commission made a competitive need type analysis under the new HTS nomenclature, using 1987 TSUS import data and allocating it to corresponding HTS provisions. While this procedure was accurate where there was a one-to-one correspondence between a TSUS provision and an HTS provision, with products such as tissue paper, where there was no such correspondence, data was allocated from existing TSUS items to HTS subheadings based on "historical import trends."

Utilizing this metholodology, the International Trade Commission allocated 60 percent of the 1987 imports of tissue paper products under TSUS items 256.3010, 256.9010, and 256.9510 to HTS subheadings 4818.10.00 and 4818.30.00 (30 percent to each provision), and the remaining 40 percent to HTS subheading 4818.20.00. The result of this exercise was that based on 1987 TSUS data, imports of tissue paper products from Mexico under the HTS were found to exceed the 50 percent competitive need limit in the GSP law, accounting for 51.7 percent of total U.S. imports. Accordingly, tissue paper products were not deemed to be GSP eligible at the time the HTS came into effect.

The loss of GSP eligibility for exceeding competitive need limits came as a surprise to U.S. and Mexican tissue paper products manufacturers because imports of such products from Mexico had never approached the 50 percent competitive need limit under the TSUS nomenclature. The actual import data for 1987 showed that under the relevant 5-digit TSUS provisions, imports of tissue paper products from Mexico accounted for only 13.08 percent (item 256.30), 23.6 percent (item 256.90), and 21.3 percent (item 256.95) of the value of total U.S. imports. Utilizing 1988 import data, imports of tissue paper products from Mexico accounted for 10.26 percent and 26.1 percent of total U.S. imports of tissue paper products, under TSUS items 256.30 and 256.95, respectively. Having never approached GSP competitive need limits based on actual import data (the only data available to the public), the possibility of losing GSP eligibility for exceeding competitive need limits was not even considered by Kimberly-Clark Corporation or its Mexican affiliate.

Upon discovering the loss of GSP eligibility for tissue paper products shortly before the HTS was implemented on January 1, 1989, Kimberly-Clark sought to restore GSP eligibility by all administrative means available. Initially, Kimberly-Clark Corporation and its Mexican affiliate, Kimberly-Clark de Mexico, filed an emergency petition with the GSP Subcommittee to restore GSP benefits to tissue paper products from Mexico. Such emergency petitions are considered to be extraordinary in nature, and the GSP Subcommittee, in March 1989, advised that the petition would not be considered on an emergency basis, but encouraged that it be refiled on June 1, 1989 as part of the 1989 GSP Annual Product Review.

A petition to restore GSP eligibility to tissue paper products from Mexico was filed on June 1, 1989 in the 1989 GSP Annual Product Review. In addition to requesting the restoration of GSP benefits to tissue paper products from Mexico, the petition also requested that any decision to restore GSP benefits be made retroactive to January 1, 1989, thereby fully mitigating the harm caused by the loss of GSP eligibility on January 1, 1989. The petition further requested that it be accorded expedited treatment to minimize continuing damage from the loss of GSP eligibility. The June 1, 1989 GSP petition was not reviewed on an expedited basis, but was acted upon favorably by the President, and GSP eligibility was restored to tissue paper products from Mexico on July 1, 1990. GSP eligibility was not restored retroactive to January 1, 1989, leaving an 18-month period (January 1, 1989-June 30, 1990) during which duties were paid.

During this 18-month period, Kimberly-Clark's Mexican affiliate continued to ship product to the United States, despite the fact that the imposition of import duties effectively turned what had been a profitable operation for Kimberly-Clark de Mexico into a marginal one, in order to maintain its customers in the U.S. market. However, all entries of tissue paper products imported into the United States from Kimberly-Clark de Mexico were protested pursuant to the provisions of 19 U.S.C. § 1514, thereby ensuring that if retroactive GSP eligiblity were obtained, the entries could legally be reliquidated. When GSP eligibility was granted without addressing retroactivity, such Protests were denied.

Having exhausted all possible forms of administrative relief to remedy this HTS conversion problem, Kimberly-Clark Corporation now turns to the Congress, the only remaining alternative, to obtain relief from the effect of the conversion from the TSUS to the HTS.

H.R. 1853 has been drafted in a manner to ensure that it permits duty refunds only to parties which have exhausted all administrative steps to obtain refunds on duties lost due to the conversion to the HTS, but were unsuccessful in such efforts. For this reason, duty refunds are limited under H.R. 1853 only to those importers who have filed Protests with the Customs Service pursuant to 19 U.S.C. § 1514 covering entries on which duties had been assessed. This provision serves to limit the beneficiaries of this legislation to those companies which have truly sought, and exhausted, all available administrative relief. It should be noted, however, that even were this limitation removed, the maximum value of duties to be refunded would be only $2.4 million (5.3 percent of the value of total imports during this 18-month period ($45.4 million)). By requiring that duty refunds be limited to only those who have filed Protests, the amount of duties to be refunded under this bill would be approximately $2 million.

The conversion to the HTS was a unique event, which was supposed to have been done in a duty-neutral manner. Given the complexity of the conversion, it is not surprising that despite the best efforts to achieve duty neutrality, some unintended duty changes would occur. The loss of GSP eligibility for tissue paper products during the HTS conversion was one such unanticipated result. Having undertaken, and exhausted, all administrative relief available, Kimberly-Clark Corporation now turns to the Congress to redress this unintended result of the HTS conversion.

For all of these reasons, we strongly urge that H.R. 1853 be adopted.

H.R. 1855

To extend through December 31, 1994, the suspension of import duties on synthetic rutile

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E. I. DU PONT DE NEMOURS AND COMPANY'S STATEMENT IN SUPPORT TO HOUSE BILL H.R.1855

Pursuant to the press release dated May 14, 1991 from the Honorable Sam M. Gibbons (D,FLA), Chairman Subcommittee on Trade, Committee on Ways and Means, E. I. du Pont de Nemours and Company hereby submits its comments in support of House Bill H.R. 1855.

House Bill H.R. 1855 proposes extending the suspension of the 5.0% ad valorem duty on synthetic rutile until December 31, 1994. Du Pont supports H.R. 1855 because it consumes large quantities of synthetic rutile in its production of titanium dioxide. Synthetic rutile is essentially raw titanium dioxide which must be finished prior to its use in many applications. Titanium dioxide is a pigment which is used in many products including coatings, laminates, and plastics. Du Pont imports synthetic rutile and finishes it at its plants in De Lisle, Mississippi and New Johnsonville, Tennessee. Du Pont's production of titanium dioxide from synthetic rutile supports more than three hundred (300) jobs in Mississippi and Tennessee.

In 1989, Du Pont imported sixty thousand (60,000) tons of synthetic rutile. Du Pont expects to import at least sixty thousand (60,000) tons of synthetic rutile every year form 1991 until 1993. In 1994, Du Pont expects to import one hundred thousand (100,000) tons of the product. If the duty suspension is not extended, Du Pont expects to pay duties in the approximate amount of $983,000.00 for every sixty thousand (60,000) tons imported and $1,653,100.00 for every one hundred thousand (100,000) tons imported. This would represent a significant cost to our production of titanium dioxide and could affect future business decisions about that product. Therefore, Du Pont supports H.R. 1855.

Respectfully submitted,

Calissa W Brown

Calissa W. Brown
Counsel
E. I. du Pont de Nemours and Company
1007 Market Street, Legal, M-2710
Wilmington, Delaware 19898
(302)773-6921

910528E

H.R. 1857

To extend for 3 years the existing suspension of duty on Ala Pro

See Merck & Co., Inc., under H.R. 1807

H.R. 1858

To suspend until January 1, 1995, the duty on Basic Blue 1

See also Monsanto Co. under H.R. 1831

Mobay

A Bayer USA INC COMPANY

Dyes, Pigments and Organics Division

Mobay Corporation
Mobay Road
Pittsburgh, PA 15205-9741
Phone 412 777-2000

May 30, 1991
RGK05201

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
U. S. House of Representatives
1107 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

As a representative of Mobay Corporation's Dyes, Pigments, and Organics Division, I am writing to you concerning H. R. 1858, "To suspend until January 1, 1995, the duty on Basic Blue 1."

As the only importer of C. I. Basic Blue 1, a product used for producing black and blue shades on acrylic fiber in applications where it does not have directly competitive products, we would like to express our full support for the proposed above bill. A temporary duty suspension will aid our customers in being more competitive against low-cost imported dyed acrylic textiles.

We appreciate your consideration in this matter.

Sincerely,

Rolf G. Kuehni
Manager, Divisional Administration

RGK:NHP

cc: Mr. P. G. Gemeinhardt
Dr. J. E. Kassner
Mr. E. E. Lansu

H.R. 1859

To make a technical correction with respect to the temporary duty suspension for clomiphene citrate

June 10, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

This letter is in response to Chairman Gibbons' request of May 14, 1991 inviting comments on certain tariff and trade bills that are pending before the Subcommittee on Trade.

Ares-Serono, Inc. offers the following comments in support of H.R. 1859, a proposal to make a technical correction with respect to the temporary duty suspension for clomiphene citrate, the active ingredient in Serophene®, a medication for the treatment of infertility.

Introduction and Recommendation

When the Tariff Schedules of the United States ("TSUS") were converted to the Harmonized Tariff Schedule of the United States ("HTS") in 1989, the finished form of clomiphene citrate, a pharmaceutical product used to treat infertility, was inadvertently excluded from duty-free treatment which it had previously received pursuant to a duty suspension under the old system. To remedy this inadvertent omission, the tariff classification governing the duty suspension, HTS 9902.29.95, should be amended to include clomiphene citrate in both its bulk and finished forms. This would entail amending HTS tariff classification number 9902.29.95 to read "clomiphene citrate, provided for in subheading 2922.19.15 or 3004.90.60". Such an amendment is not controversial since there is no domestic manufacturer of clomiphene citrate, and the amendment would simply correct an inadvertent omission by the U.S. government in the conversion process.

Background

Under the TSUS, imports of both bulk and finished clomiphene citrate were entitled to duty-free treatment pursuant to a legislatively-mandated duty suspension until December 31, 1992. Under the TSUS, both forms of clomiphene citrate fell under one classification number, TSUS 412.50. (In 1988, pursuant to technical amendments to the TSUS, the tariff classification number for all forms of clomiphene citrate was changed to TSUS 412.49).

When the initial conversion to the HTS was made, both forms of clomiphene citrate were inadvertently excluded from duty-free status because of a mistaken classification of clomiphene citrate in the duty suspension section of the HTS. This oversight was corrected by Presidential Proclamation on September 28, 1989. However, the correction resulted in the inclusion of the bulk form of clomiphene within the scope of the duty suspension, and not the finished form. (The reason for this omission may lie with the fact that unlike the TSUS, the HTS categorizes items in a way that distinguishes between bulk products and finished goods, and, therefore, has separate tariff classifications for bulk and finished clomiphene citrate). The continued omission of finished clomiphene citrate from duty-free status is simply an unintended and accidental result of the conversion process.

To correct this omission, on April 17, 1991, Congressman Donnelly (D-Mass.), a member of the House Ways and Means Committee, introduced H.R. 1859, which would amend the HTS to include finished clomiphene citrate within the scope of the duty suspension.

Additional Legislation

On April 16, 1991, Congressman Gradison (R-Ohio), also a member of the House Ways and Means Committee, introduced H.R. 1796, which would extend the existing duty suspension on certain chemicals, including clomiphene citrate, until December 31, 1994. However, as introduced, H.R. 1796 does not contain language which would correct the inadvertent omission of finished clomiphene citrate from the scope of the duty suspension.

The Product

Clomiphene citrate is a pharmaceutical preparation approved by the Food and Drug Administration that is designed to treat human infertility. Clomiphene citrate is used to induce ovulation in anovulatory women, and in small doses is used as an agent in therapy for male infertility.

Clomiphene citrate is imported into the United States in both finished and bulk form. In bulk form, clomiphene citrate is a white powder. In its finished form, clomiphene citrate consists of tablets packaged for oral administration.

There are currently no producers of clomiphene citrate in the United States. Two U.S. companies import the vast majority of the product, with one company importing clomiphene citrate in its finished form and the other importing it in bulk form.

Consequences of Technical Correction

Because both finished and bulk clomiphene citrate were eligible for duty-free status prior to conversion to the HTS, correction of the inadvertent failure to retain duty-free status for finished clomiphene citrate will result in reinstatement of the status quo as it existed under the TSUS. Because only two firms are significant importers of clomiphene citrate, extending duty-free treatment as it existed prior to conversion to the HTS will ensure that no importing firm will be disadvantaged in what is a very small market by virtue of an inadvertent omission by the United States government.

Summary and Conclusion

To correct the inadvertent omission of the finished form of clomiphene citrate from the duty suspension section of the HTS, HTS tariff classification number 9902.29.95 should be amended to read "clomiphene citrate, provided for in subheading 2922.19.15 or 3004.90.60". In addition, because the omission occurred when the TSUS was converted to the HTS in 1989, the correction should apply retroactively to entries after December 31, 1988. The effect of this technical correction will be to reinstate duty-free status for all forms of clomiphene citrate, which is the situation that prevailed prior to the conversion to the HTS.

We are confident that once the Subcommittee reviews the facts in this case, it will conclude that H.R. 1859 should be reported to the full Committee.

Sincerely yours,

Nicholas L. Ruggieri
Vice President
Government Affairs
Ares-Serono, Inc.

H.R. 1861

To suspend for a 3-year period the duty on famotidine

See Merck & Co., Inc., under H.R. 1807

H.R. 1862

To extend the existing suspension of duty on D-carboxamide

See Merck & Co., Inc., under H.R. 1807

H.R. 1863

To extend the existing suspension of duty on amiloride hydrochloride

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See Merck & Co., Inc., under H.R. 1807

H.R. 1865

To suspend temporarily the duty on certain chemicals

DCMA
DRY COLOR
MANUFACTURERS'
ASSOCIATION

June 6, 1991

RECEIVED

The Honorable Sam M. Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Gibbons:

The Dry Color Manufacturers' Association respectfully requests that the duty be eliminated on the following organic intermediates used in the production of organic pigments in the United States. To the best of our knowledge, none of these intermediates are currently produced in the United States.

	CHEMICAL	CAS No.	HARMONIZED TARIFF SCHEDULE
1.	B-Naphthol (* & **)	135-19-3	2907.15.50100
2.	Scarlet G Base or Paranitro-O-Toluidine (**)	99-95-3	2921.43.20007
3.	Fast Bordeaux GP Base or Meta Nitro-p-anisidine (**)	96-96-8	2922.29.25009 or 2922.29.35000
4.	Fast Red B Base or Metanitro-Ō-Anisidine (**)	97-52-9	2922.29.25009 or 2922.29.50007
5.	Fast Scarlet R Base, Fast Scarlet RC Base, or Para-Nitro-O-Anisidine (**)	99-59-2 (R) 67827-72-9 (RC)	2922.29.25009 2922.29.50007
6.	PhenylCarbothoxy Pyrazolone (**)	89-33-8	2933.19.42007
7.	C-Amine or 2-Amino-5-Chloro-p-Toluene Sulfonic Acid	88-53-9	2921.43.50000
8.	Ethyl Homolog of C-Amine 2-Amino-5-Chloro-4-Ethyl Benzene Sulfonic Acid	88-56-2	2921.43.50000
9.	Tobias Acid or 2-Amino-1-Naphthalene Sulfonic Acid	81-16-3	2921.45.50008
10.	2,4,5-Trichloroaniline	636-30-6	2921.42.20008
11.	2,5-Dichloroaniline	95-82-9	2921.42.20008
12.	Naphthol ASBS or 3-hydroxy-3'-nitro-2-Naphthanilide	135-65-9	2924.29.14000
13.	R Salt or 2,7 Naphthalene-disufonic acid, 3-Hydroxy-Disodium Salt	135-51-3	2908.20.10003

300 North Washington Street, Suite 102 Alexandria, Virginia 22314 (703) 684-4044
Mailing Address: P.O. Box 20839 Alexandria, Virginia 22320-1839 FAX (703) 684-1795

REPRESENTING THE COLOR PIGMENTS INDUSTRY

	CHEMICAL	CAS No.	HARMONIZED TARIFF SCHEDULE
14.	Meta Nitro Para Toluidine	89-62-3	2921.49.30009
15.	Ortho Naphthionic Acid 1-Amino-2-Naphthalene sulfonic Acid	81-0-61	2921.45.50008
16.	2,4-Dinitro Aniline	97-0-29	2921.42.50001
17.	Fast Red RL	99-[illegible]-5	2921.49.30
18.	Fast Red ITR	97-35-8	2921.42.25
19.	Ortho Tolidine	119-93-7	2921.59.10
20.	Naphthol AS-CA	137-52-0	2924.29.14
21.	Naphthol AS-ITR	92-72-8	2924.29.14

Thank you for your assistance.

Sincerely,

J. Lawrence Robinson
Executive Vice President

JLR:dlv

* - Introduced in H.R. 1034
** - Introduced in H.R. 541

H.R. 1866

To suspend until January 1, 1995, the duty on pyrmethyl alcohol

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See Merck & Co., Inc., under H.R. 1807

H.R. 1867

To suspend until January 1, 1995, the duty on TAC

See also Merck & Co., Inc., under H.R. 1807

ational Starch and Chemical Company

Lumber Street
P.O. Box 399
Salisbury, North Carolina 28145-0399
704-633-1731

May 30, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard:

I wish to make comments on some duty suspension bills, since National Starch is the sole U. S. producer on both of these products.

The first bill is H.R. 1867 by Mr. Hatcher,to suspend until January 1,1995, the duty on TAC, which we manufacture at Salisbury, North Carolina. We are the sole U. S. producer since the American Cyanamid Company discontinued manufacturing in the United States several years ago, and are now reselling DeGusa material from Germany. The suspension of this duty will have an impact on our million dollar a year sales of TAC, and we definitely object to this proposal.

Secondly, we object to Bill H.R. 1258 by Mr. Quillen, to continue the existing suspension of duties on color couplers and coupler intermediates used in the manufacture of photographic sensitized material. We missed the original duty suspension request since it was a bread basket bill, and it was not until one of our customers identified the end use of our p-Aminobenzamide, of which we are the sole producer in the United States at Leland, N. C., and therefore deserve protection by import duties on this product.

Your assistance in having these duties continued or reactivated would be greatly appreciated. I am certain that Congress wants to protect its American manufacturers so that they can continue to stay in business.

Very truly yours,

NATIONAL STARCH AND CHEMICAL COMPANY
Performance Chemicals Division

William L Milheim

William L. Milheim
Sales Manager

WLM/a

"Our service engineers are available to help purchasers obtain best results from our products, and recommendations are based on tests and information believed to be reliable. However, we have no control over the conditions under which our products are transported to, stored, handled, or used by purchasers and, in any event, all recommendations and sales are made on condition that we will not be held liable for any damages resulting from their use. No representative of ours has any authority to waive or change this provision."

National Starch and Chemical Company

P.O. Box 399
Salisbury, North Carolina 28145-0399
704-633-1731

June 17, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1002
Longworth House Office Building
Washington, D. C. 20515

Dear Mr. Leonard:

In reference to my letter of May 30, 1991, pertaining to the duty suspension Bill H.R.1867 by Mr. Hatcher, we have been advised by Michael Szabocsik of Merck & Company, that TAC is not the Triallyl Cyanurate that we manufacture, but is Thienyl Acetyl Chloride, which we do not manufacture. Therefore, we have no objection to the duty suspension on Thienyl Acetyl Chloride.

It would be helpful in the future if you would identify the products by their chemical name to prevent confusion about laws that you are enacting.

If you need any additional information, please feel free to call me on my toll free line, 1-800-532-1115.

Very truly yours,

NATIONAL STARCH AND CHEMICAL COMPANY
Performance Chemicals Division

William L. Milheim

William L. Milheim
Sales Manager

WLM/a

cc: Mr. Michael Szabocsik
Merck Chemical Mfg. Div.
Merck & Company, Inc.
FTA-205
P.O.Box 2000
Rahway, NJ 07065-0811

"Our service engineers are available to help purchasers obtain best results from our products, and recommendations are based on tests and information believed to be reliable. However, we have no control over the conditions under which our products are transported to, stored, handled, or used by purchasers and, in any event, all recommendations and sales are made on condition that we will not be held liable for any damages resulting from their use. No representative of ours has any authority to waive or change this provision."

H.R. 1868

To suspend until January 1, 1995, the duty on metmercazole

See Merck & Co., Inc., under H.R. 1807

H.R. 1869

To suspend temporarily the duty on fluometuron and IBTF

No comments submitted.

H.R. 1871

To suspend temporarily the duty on Tralomethrin

No comments submitted.

H.R. 1872

To suspend temporarily the duty on Fenbendazole

No comments submitted.

H.R. 1873

To suspend temporarily the duty on halofuginone hydrobromide

No comments submitted.

H.R. 1874

To extend until January 1, 1995, the existing suspension of duty on certain sulfonaides

No comments submitted.

H.R. 1875

To suspend temporarily the duty on fenoxaprop-ethyl and fenoxaprop-p-ethyl

No comments submitted.

H.R. 1876

To suspend until January 1, 1995, the duty on ceramic (non-porcelain) mugs

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American Flint Glass Workers Union
AFL-CIO

NATIONAL HEADQUARTERS
1440 SOUTH BYRNE ROAD
TOLEDO, OHIO 43614
419/385-6687
FAX: 419/385-8839

LAWRENCE BANKOWSKI
President
RICHARD G. MORGAN
First Vice-President
JOE COCCHO
Second Vice-President
ROBERT P. ROSSER
Third Vice President
IVAN T. UNCAPHER
Secretary-Treasurer
L. DALE LAMB
Assistant Secretary

George M. Parker
President Emeritus

May 23, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

I am writing on behalf of the members of the American Flint Glass Workers Union to express our serious concerns about a proposed legislation (H.R.1876 and S.853) to permanently reduce and temporarily suspend the duty on certain (non-porcelain) mugs. We hope after considering our views, you and members of the Committee on Ways and Means will oppose the bill.

We believe that enactment of H.R.1876 and S.853 will seriously injure our industry. It will permanently reduce and temporarily suspend the 13.5 percent duty that is currently applied to imports of ceramic mugs. This will obviously give foreign manufacturers in Brazil, Japan, Taiwan, Korea and other countries a substantial cost advantage that they currently do not have, thus enabling them to make greater inroads into the U.S. market at the expense of American workers.

The ceramic mug industry is part of the American glass ceramic kitchenware industry which is extremely import sensitive. The 13.5 percent duty has remained in place because of this import sensitivity. In fact, much of the glass industry has been exempted from tariff cuts in past multilateral trade negotiations and from duty-free treatment under the Generalized System of Preferences (GSP) because of this import sensitivity.

The adverse impact of H.R.1876 and S.853 on employment in our industry cannot be underestimated. Employment in the pressed or blown glassware industry has fallen consistently over the last decade from 59,000 jobs in 1978 to 42,000 jobs in 1990. This declining trend has continued into 1991 with the industry losing more jobs compared to last year's levels. Enactment of H.R.1876 and S.853 will aggravate this decline. The firms we work with estimate that it could result in the loss of hundreds of jobs in Pennsylvania, Ohio, West Virginia and Louisiana. These jobs are good paying manufacturing jobs which would just be exported to France, Brazil, Japan, Korea, Taiwan and other countries.

Moreover, the competing U.S. products are priced competitively with imports. Otherwise, the proponents of this legislation would simply not be interested in the duty suspension.

May 23, 1991
Page Two

Most of the glass plants which will be affected are located in the small towns of America where they are the economic mainstay of the community. We have attached a list of the companies and towns where these plants are located. Please, don't sacrifice any more American jobs. Our people have already been hurt enough.

The impact of H.R.1876 and S.853 on our industry is clear. If it is enacted, it will export good paying manufacturing jobs to foreign countries. We can see no way in which the bill serves the national interests and respectfully request that you oppose it.

Thank you for taking our views into consideration.

Sincerely,

Lawrence Bankowski

Lawrence Bankowski
National President

LB/ls
Attachment

Anchor Hocking Glass Company
Lancaster, Ohio

Corning Incorporated
Charleroi, Pennsylvania

Corning Incorporated
Corning, New York

Corning Incorporated
Greencastle, Pennsylvania

Corning Incorporated
Greenville, Ohio

Corning Incorporated
Martinsburg, West Virginia

Holophane Company, Inc.
Newark, Ohio

Libbey Glass, Inc.
City of Industry, California

Libbey Glass, Inc.
Shreveport, Louisiana

Libbey Glass, Inc.
Toledo, Ohio

LAW OFFICES
GEORGE R. TUTTLE
A PROFESSIONAL CORPORATION
1331 PENNSYLVANIA AVENUE, N.W., SUITE 905
WASHINGTON, D.C. 20004
TELEPHONE (202) 393-1108
TELECOPIER (202) 393-1295
TELEX GRT 278631

GEORGE R. TUTTLE
IRVING W. SMITH, JR.*
DALE O. TORRENCE**
OF COUNSEL
*ADMITTED IN WISCONSIN
**ADMITTED IN NORTH CAROLINA

THREE EMBARCADERO CENTER
SAN FRANCISCO, CALIFORNIA 94111
TELEPHONE (415) 986-8780
TELECOPIER (415) 986-0908

June 11, 1991

FILE REFERENCE NO.
1723

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, DC 20515

Re: Comments in Support of H.R. 1876

Dear Mr. Leonard:

On behalf of Anheuser-Busch Companies, Inc., we express support for H.R. 1876, a bill to grant duty-free treatment to ceramic (non-porcelain) mugs upon entry into the United States.

Anheuser-Busch Companies, Inc. imports mugs and steins which are principally used as collectibles, displayed on shelves, over fireplaces, etc. Although these mugs are clearly distinguishable from the inexpensive ceramic mugs used as household utensils, they are classified in the same subheading because they are, nevertheless, ceramic mugs. We enclose an illustrative brochure.

Passage of H.R. 1876 would return ceramic mugs to the position that they held prior to implementation of the Harmonized Tariff Schedules (HTS). This would enable importers of these mugs to hold down their prices and to offer these mugs for sale to the public at steady prices and probably be able to increase their sales of the imported product. Again, Anheuser-Busch Companies, Inc. strongly supports H.R. 1876 and urges its passage.

Thank you for your consideration of our views and if we can provide further information or comments please let us know.

Very truly yours,

Law Offices of
GEORGE R. TUTTLE, P.C.
A Professional Corporation

By: Irving W. Smith, Jr.
Irving W. Smith, Jr.

Enclosure

cc: Gerald Trieschmann, Anheuser-Busch Companies, Inc.
James Heeter, Anheuser-Busch Companies, Inc.
George R. Tuttle, Esq.

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Budweiser
Collector
Series '91

COLLECTOR SERIES
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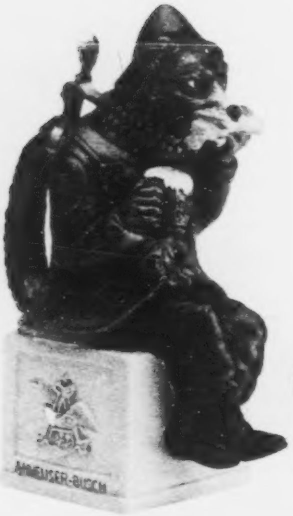
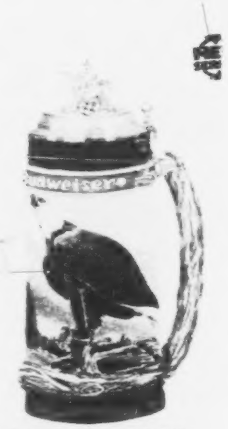
Budweiser® Collector Series '91



BEVO FOX STEIN
The whimsical Bevo Fox was chosen in 1916 to represent a non-alcoholic Prohibition-era beverage named Bevo. The fox perches on each corner of Anheuser-Busch's, 31 acre St. Louis packaging plant which was built in 1917 and remains the world's largest beer packaging plant.
The Bevo Fox stein is handcrafted and painstakingly hand-painted in Germany by Theowalt. It features a unique head hinge lid and stands 11" tall. A strictly limited edition, only 500 steins can be produced each month in this 10,000 stein edition.

- 12 individually gift-boxed steins per case

CS-160 Bevo Fox Stein



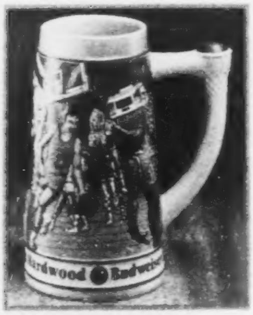
Illustrated version: actual stein will differ slightly

NEW SERIES!

BIRDS OF PREY - BALD EAGLE
The first in this series of limited edition steins features a bald eagle perched in a mountain scene. This handcrafted relief-style stein has a solid pewter lid adorned with a three dimensional A & Eagle pewter figurine and a unique handle that resembles driftwood. Imported from Germany, each stein in this 25,000 piece edition is numbered for authenticity.

- 12 individually gift-boxed steins per case

CS-164 Bald Eagle



SPORTS HISTORY SERIES - BASKETBALL
"Heroes of the Hardwood" is the fourth in a series of steins saluting America's sports heritage. The stein highlights the progression of basketball from its early days to modern times. This limited edition relief style stein is 7 1/2" tall and features a unique basketball net handle. Each stein in this 100,000 piece edition is numbered for authenticity.

- 12 individually gift-boxed steins per case

CS-134 Basketball

SPORTS LEGENDS - BABE RUTH

First in a series of limited edition sports legends steins. This offering captures Babe Ruth as he "calls his shot" at Wrigley Field during the 1932 World Series. Handcrafted in Germany with detailed relief, it features an embossed pewter lid with unique baseball thumbrest. The stein stands 9" tall and is gift-boxed. Each stein in this 50,000 piece edition is numbered for authenticity.

- 12 individually gift-boxed steins per case

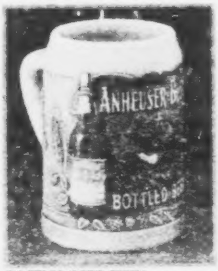
CS-142 Babe Ruth

BUD DRY DRAFT LOGO STEIN

This classic Bavarian-style stein features the Bud Dry logo. Hand-crafted in Germany, it stands 5 1/4" tall and has a half liter capacity.

- 12 loose-packed steins per case

CS-156 Bud Dry Draft Logo



BOTTLED BEER STEIN

Third in the Bud Label Series, this handcrafted ceramic stein features artwork from a colorful 1890's advertisement emphasizing bottled beer. The relief style stein stands 5 1/2" tall and is attractively gift-boxed.

- 12 individually gift-boxed steins per case

CS-136 Bottled Beer Stein

AFTER THE HUNT

Second in a series of limited edition holiday steins, this edition features a full color design originally created for a pre-Prohibition tray. With humorous disregard for historical accuracy, the image on the stein depicts the interior of an 18th century hunting lodge offering the refinements of a full tea service, chafing dish, linen tablecloth and bottles of cold Budweiser. Handcrafted in Germany, this porcelain stein with gold ring accents has a solid pewter relief style lid and stands 9 1/2" tall. Each stein in this 25,000 piece edition is numbered for authenticity.

- 6 individually gift-boxed steins per case

CS-155 After The Hunt

COLLECTOR SERIES

BUDWEISER® COLLECTOR SERIES DISPLAY

Get attention with this handpainted antique wood reproduction made from durable molded polyurethane. It assembles easily with six phillips screws and measures 35 1/2" long x 23" high x 6 1/2" wide. Use it as a stand alone display or on an end cap or shelf unit. The header sign can be detached and hung separately.

With a qualifying $750 open stock order you may purchase the Budweiser Collector Series Display for $100 and receive the folowing six steins worth $160* free of charge:

- CS-101 Bud Label
- CS-107 Discover America Series - Nina
- CS-100 Bud Man
- CS-75 Limited Edition IV
- CS-84 Landmark Series - Old School House
- CS-132 Sports Series - Racing

CS-157 Budweiser Collector Series Display

* Retail Sale Price if wholesale cost is doubled

WINTER OLYMPIC COLLECTOR PLATE

This colorful Olympic Plate depicts the popular 1992 Winter Olympic sports - Figure Skating, Skiing, Ice Hockey, Luge, Speed Skating, and Bobsled. Each plate is 8 1/2" in diameter and trimmed in 24 karat gold. Strictly limited to 25 firing days, the plates are backstamped numbered and include a certificate of authenticity.

- 12 individually boxed plates per case

N-3121 Winter Olympic Plate

"THE SEASON'S BEST" COLLECTOR PLATE

Third in a series of holiday plates, this colorful winter scene showcases the art of Susan Renae Sampson. Each 8 1/2" gold-rimmed plate is backstamped and numbered for authenticity. Strictly limited to 25 firing days.

- 12 individually boxed plates per case

N-3034 "The Season's Best"

Illustrated version: actual stein will differ slightly

WINTER OLYMPIC STEIN

This handcrafted ceramic stein with pewter ceramic inlay lid illustrates the 1992 Winter Olympic sports featured on the collector plate. Made in Germany, the Olympic stein is approx. 9" tall. Each stein in this 25,000 piece edition is numbered for authenticity.

- 12 individually gift-boxed steins per case

CS-162 Winter Olympic Stein

Anheuser-Busch, Inc. is an official licensee of the U.S. Olympic Committee.
A portion of the proceeds from the sale of these plates and steins goes to support the 1992 U.S. Olympic Team.

Budweiser® Collector Series '91

REP GROUPS

Territory	Firm	Phone
Maine, Massachusetts, Vermont, New Hampshire, Rhode Island, Connecticut	Nova Albion	(508) 858-0600 or (508) 858-0060
Upstate New York, Western Pennsylvania	David Mazzeo Associates	(315) 685-8444
New York, New Jersey, Eastern Pennsylvania	Four Star Marketing	(609) 429-7830 or (201) 367-9175
Delaware, Maryland Virginia, Washington, D.C.	William Becker Associates, Inc.	(703) 490-0368
N. Carolina, S. Carolina, Georgia, Alabama, Tennessee, Florida, Mississippi, Kentucky	Southern Link	(404) 523-6225
Michigan	Frank Kaminskas & Associates	(313) 689-4083
West Virginia, Ohio	Bob Schroeder & Associates	(513) 451-7235
Minnesota, N. Dakota, S. Dakota	Dick Hume & Associates	(612) 931-0718
Wisconsin, Indiana, N. Illinois	Winkates & Associates	(312) 527-1534
Kansas, Missouri, Iowa, Nebraska, Southern Illinois	Today's Sales	(913) 491-4408
Texas, Oklahoma, Louisiana, Arkansas	Ryan Associates	(214) 742-9980
Colorado, Wyoming, Utah, Montana, New Mexico	Ken Long Sales	(303) 294-0191
Oregon, Washington, Idaho, Alaska	Dick Gibson & Associates	(206) 762-1404
Northern California, Northern Nevada	Peddlers Too	(415) 861-1141
Southern California, Southern Nevada, Arizona	California Marketing Association	(213) 746-2163
Hawaii	Philtonic Giftware & Associates	(808) 537-4630

GENERAL TERMS / ORDER INFORMATION

TERMS

Minimum Order: $150
Invoice Payment:
Net 30 days for established accounts.
Freight: F.O.B. Columbia, MO
Allow 2-4 weeks for delivery.
Credit: New accounts must complete our credit application prior to first shipment.
Prices subject to change without notice.
Void where prohibited by law.

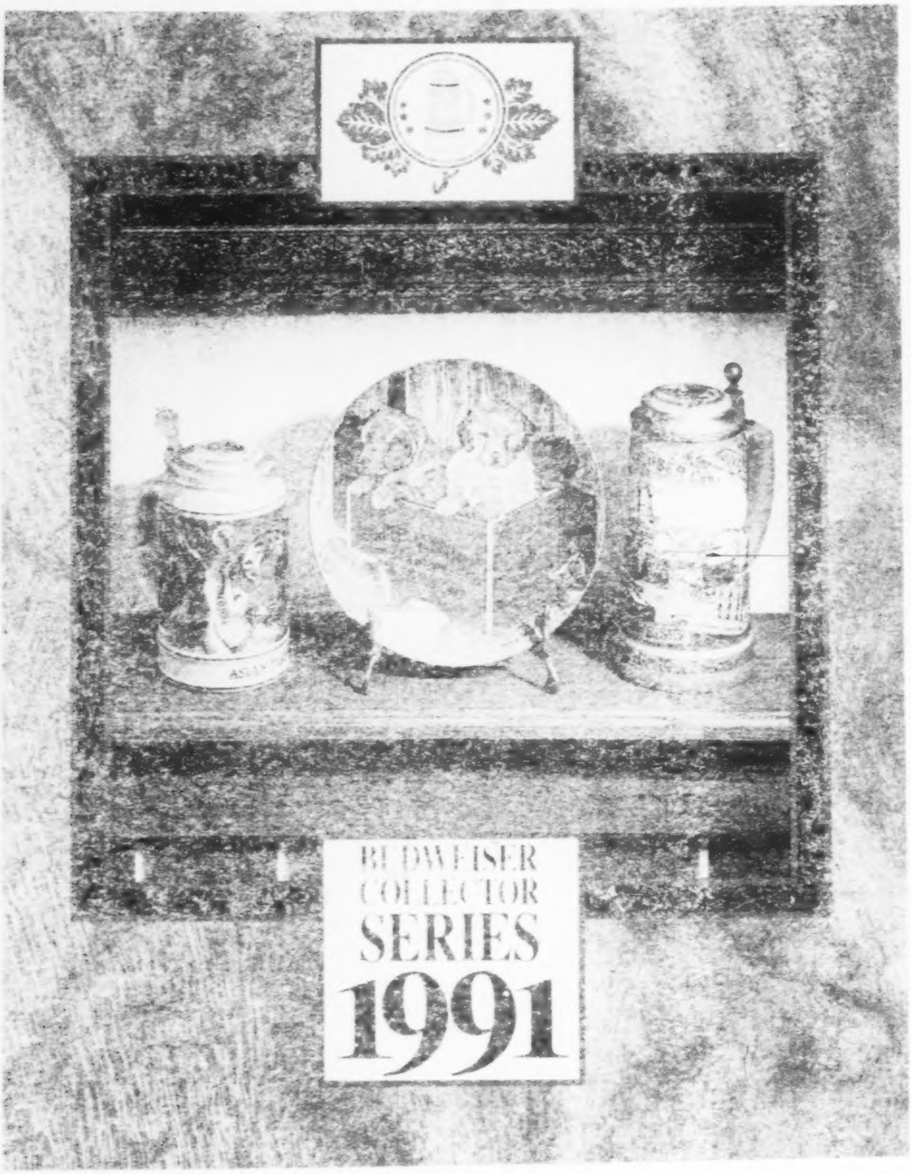
ORDER INFORMATION

Mail order to:
Anheuser-Busch, Inc.
Promotional Products Group
P.O. Box 26910
St. Louis, MO 63118
Attn: Retail Sales Correspondent

©1991 Anheuser-Busch, Inc. St. Louis,MO

To Order by phone, call toll free

1-800-622-2667


BUDWEISER
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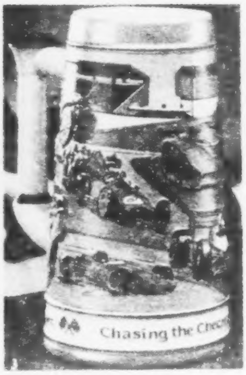

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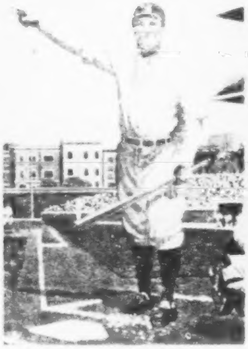

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SPORTS HISTORY SERIES

These handcrafted steins present a retrospective on popular American sports. Each 7 1/2 inch tall stein is numbered, gift-boxed and features a unique handle.

- Twelve gift boxed steins per case

1. "AMERICA'S FAVORITE PASTIME" (CS-124)

First in the series depicts the progression of baseball from the early days to modern times.

2. "GRIDIRON LEGACY" (CS-128)

The hard hitting sport of football is presented in vivid color. Second in the series.

3. "CHASING THE CHECKERED FLAG" (CS-132)

A variety of racing vehicles and a stick-shift handle adorn this stein. Third in the series.

SPORTS LEGEND SERIES

A tribute to our American sports legends, this series brings to life memorable athletes on traditional ceramic steins. Imported from Germany, each lidded stein is strictly limited, numbered and gift-boxed.

4. BABE RUTH (CS-142)

The first issue vividly captures the Babe as he "calls his shot" at Wrigley field during the 1932 World Series. Available May 1, 1991.

ENDANGERED SPECIES SERIES

This uniquely topical series focuses on endangered species of the wildlife kingdom. Each handcrafted relief-style stein depicts an animal in its natural habitat. A limited edition, each 6 1/2 inch tall stein is gift-boxed and accompanied by a certificate of authenticity. A portion of each sale is donated to the preservation efforts of the National Wildlife Federation.

- Twelve gift boxed steins per case

5. ASIAN TIGER (CS-126)

The second issue features a tiger in its jungle habitat.

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DISCOVER AMERICA SERIES

A series of three limited edition steins commemorating Columbus' 500th anniversary of the discovery of America. Featuring an Old World design, the handcrafted steins are 8 inches tall and include a pewter lid with ceramic inlay. Each stein is numbered, gift-boxed and accompanied by a certificate of authenticity.

- Twelve gift boxed steins per case

6. NINA (CS-107)
Depicts the explorer's departure from the city of Palos and a farewell to King Ferdinand and Queen Isabella of Spain.

7. PINTA (CS-129)
Colorful scenes at sea feature a mythical creature from the deep.

CLASSIC SERIES

8. CLASSIC IV (CS-130)
Fourth and final stein in the series. This exquisite collectible stands 8 1/2 inches high and features a turn-of-the-century riverfront scene complete with paddle-wheeler. A strictly limited edition, the stein also includes a pewter lid with ceramic inlay and a certificate of authenticity. Imported from Germany.

- Twelve gift-boxed steins per case

9. BUD MAN STEIN (CS-100)
Back by popular demand . . . The Dauntless Defender of Quality! This handcrafted, updated edition of the successful 1970's character stein is 8 inches tall and features a unique headhinge lid. Colorfully gift-boxed for any occasion.

- Twelve gift-boxed steins per case

10. 1990 BERNINGHAUS STEIN (CS-105)
This 8 inch porcelain stein features a full color reproduction of Merry Christmas, a holiday scene painted by American artist Oscar E. Berninghaus especially for Anheuser-Busch. Imported from Germany, this limited edition stein is individually numbered and gift-boxed.

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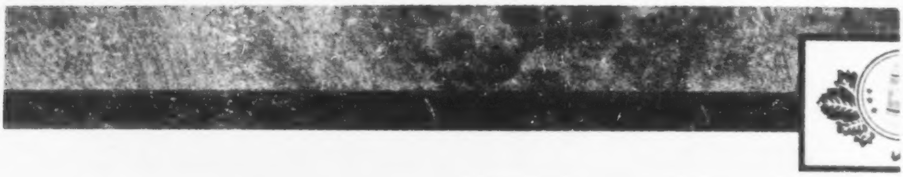

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LIMITED EDITION SERIES
Three of the original five steins depicting historical brewing scenes are available while quantities last Each is 9 1/2 inches tall with a pewter like lid and numbered for authenticity Attractively gift boxed for any occasion

- Assortment pack available (CS-120)
- Twelve gift-boxed steins per case

11. LIMITED EDITION III (CS-71)
Honors two 18th century methods of beer distribution with detailed illustrations of a mighty clipper ship and a horse drawn wagon

12. LIMITED EDITION IV (CS-75)
Engaging, colorful scenes celebrate the historical significance of taverns and public houses

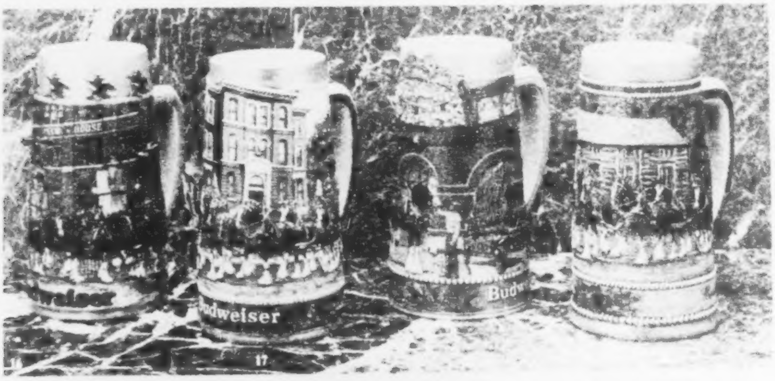
13. LIMITED EDITION V (CS-98)
Captures the charm of the Old World festival tradition

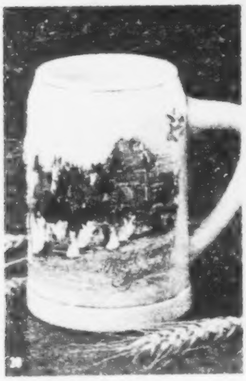
BUD LABEL STEIN SERIES
Saluting the world renown Budweiser label, this series depicts various designs in detailed relief Gift boxed and 5 1/2 inches high these handcrafted steins represent quality and value

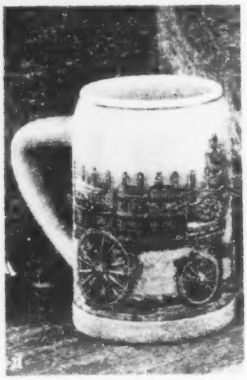
- Assortment pack available (CS-153)
- Twelve gift-boxed steins per case

14. BUD LABEL STEIN (CS-101)
Depicts the current Bud Label design in relief

15. ANTIQUE BUD LABEL STEIN (CS-127)
Features the Bud Label as it appeared in 1891 complete with eagles and German script







NATIONAL HISTORICAL LANDMARK SERIES
Anheuser Busch nationally registered landmarks are featured in these 7 1 2 inch tall, handcrafted ceramic steins. Each of the four styles depict historical sites at or near the St. Louis Brewery. Individually numbered and gift-boxed.

- Assortment pack available (CS-121)
- Twelve steins per case

16. BREW HOUSE (CS-67)
Our proud heritage lives on in the building where the "King of Beers" has been brewed since the 1870's.

17. OLD SCHOOL HOUSE (CS-84)
This stein is a tribute to the St. Louis Brewery's original corporate office.

18. STABLES (CS-73)
Takes you inside the magnificent domain of the World Famous Budweiser Clydesdales.

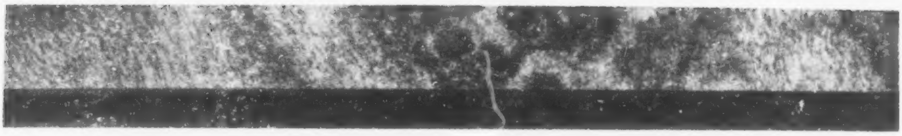
19. GRANT'S CABIN (CS-83)
A popular attraction at Grant's Farm, this historical landmark was home to our country's 18th president.

CLYDESDALE SERIES
These three 5 1 2 inch tall ceramic steins are handcrafted in detailed relief. A perfect addition to any collection and an affordable gift.

- Assortment pack available (CS-154)
- Twelve loose-packed steins per case

20. EIGHT-HORSE HITCH (CS-74)
The Clydesdales are on the move in this scene, proudly pulling the Budweiser wagon.

21. TRAINING HITCH (CS-131)
A Clydesdale prepares to become a member of the team by practicing on this special hitch.



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22. VARIETY ASSORTMENT PACK (CS-151)
Features twelve popular steins in quantities of two each. (Photo A)

23. INTRODUCTORY ASSORTMENT PACK (CS-150)
This assortment features six popular steins in quantities of two each. (Photo B)

24. PROGRAM ASSORTMENT (CS-152)
A Host of steins from each series. The assortment includes:
(6) America's Favorite Pastime (CS-124)
(6) Gridiron Legacy (CS-128)
(2) Nina (CS-107)
(2) Pinta (CS-129)
(2) Limited Edition V (CS-98)
(2) Limited Edition IV (CS-75)
(4) Bud Man (CS-100)
(2) Brew House (CS-67)
(2) Stables (CS-73)
(2) Grant's Cabin (CS-6)
(2) Old School House (CS-84)
(2) Antique Bud Label (CS-127)
(4) Bud Label (CS-101)
(3) Training Hitch (CS-131)
(3) Eight Horse Hitch (CS-74)
(4) Asian Tiger (CS-126)
- Forty-eight steins per assortment

25. ANHEUSER-BUSCH CARD TIN (N-2041)
Features two decks of quality coated playing cards with turn-of-the-century Budweiser designs. The beautifully embossed tin is imported from England. Great for personal use and as a distinctive gift.
- Twelve tins per case

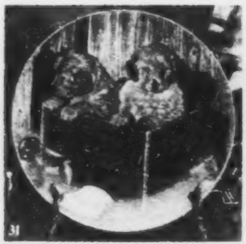
26. STEIN HISTORY BOOK (N-2635)
A must for stein collectors. A four color pictoral review of Anheuser-Busch steins from 1975 through January 1990 provides information on year of release, country of origin, edition size and availability.

27. BUD LABEL COFFEE MUG (N-2666)
Invite the King to breakfast! This 12 oz. ceramic mug is gift-boxed and features the world famous Budweiser label in a wrap-around design.

28. ANHEUSER-BUSCH LOGO SERIES
Imported from Germany, these half liter "Flat Wall" steins feature the following popular logos:
- Budweiser (CS 143)
- Bud Light (CS 144)
- Busch (CS 147)
- Michelob (CS 145)
- Michelob Dry (CS 146)
- A & Eagle (CS 148)
- Assortment pack available (CS 149)
- Twelve loose-packed steins per case

29. HORSEHEAD STEIN (CS-76)
This intricately detailed stein features a single Clydesdale outfitted in full parade dress. 6 3/4 inches tall, this glazed ceramic stein is handcrafted in a rich platinum and cobalt blue finish.
- Twelve loose-packed steins per case

30. "AN AMERICAN TRADITION" COLLECTOR'S PLATE (N-2767)
This original painting represents the second in a series of holiday plates. Limited to 25 firing days, the design features the art of Susan Renae Sampson. Each 8 1/2 inch, gold rimmed plate is backstamped, numbered and includes a certificate of authenticity.
- Twelve individually boxed plates per case



MAN'S BEST FRIENDS PLATE SERIES
Dedicated to our canine companions, these collectors plates are 8 1/2 inches in diameter and trimmed in 24 karat gold. Strictly limited to 25 firing days, each plate is back stamped, numbered and includes a certificate of authenticity.
31. "BUDDIES" (N-2615)
The first issue depicts two playful golden retriever pups in an antique Budweiser beer case.

32. "SIX PACK" (N-3005)
Six Dalmation puppies peek out of the Budweiser beer wagon.
- Twelve individually boxed plates per case

PLATE ASSORTMENT PACK (N-3018)
Consists of two each of three designs:
- "An American Tradition" Collector's Plate
- "Buddies" Plate
- "Six Pack" Plate

REP GROUPS

TERRITORY	FIRM	PHONE
Maine, Massachusetts, Vermont, New Hampshire, Rhode Island, Connecticut	Nova Albion	(508) 858-0600 or (508) 858-0060
Upstate New York, Western Pennsylvania	David Mazzeo Associates	(315) 685-8444
New York, New Jersey, Eastern Pennsylvania	Four Star Marketing	(609) 429-7830 or (201) 367-9175
Delaware, Maryland, Virginia, Washington, D.C.		
N. Carolina, S. Carolina, Georgia, Alabama, Tennessee, Florida, Mississippi	Southern Link	(404) 523-6225
Michigan	Frank Kaminskas & Associates	(313) 689-4083
West Virginia, Ohio	Bob Schroeder & Associates	(513) 451-7235
Kentucky	Owl Creek & Associates	(502) 426-0780
Minnesota, N. Dakota, S. Dakota	Dick Hume & Associates	(612) 931-0718
Wisconsin, Indiana, N. Illinois	Winkates & Associates	(312) 527-1534
Kansas, Missouri, Iowa, Nebraska, Southern Illinois	Today's Sales	(913) 491-4408
Texas, Oklahoma, Louisiana, Arkansas	Ryan Associates	(214) 742-9980
Colorado, Wyoming, Utah, Montana, New Mexico	Ken Long Sales	(303) 294-0191
Oregon, Washington, Idaho, Alaska	Dick Gibson & Associates	(206) 762-1404
Northern California, Northern Nevada	Peddlers Too	(415) 861-1141
Southern California, Southern Nevada, Arizona	California Marketing Assoc.	(213)-746-2163
Hawaii	Philtonic Giftware & Assoc.	(808) 537-4630

GENERAL TERMS / ORDER INFORMATION

TERMS

Minimum Order: $100
Invoice Payment:
Net 30 days for established accounts.
Freight: F.O.B. Columbia, MO
Allow 2-4 weeks for delivery.
Credit: New accounts must complete our credit application prior to first shipment.
Prices subject to change without notice.
Void where prohibited by law.

To order by phone, call toll free
1-800-622-2667

ORDER INFORMATION

Mail order to:
Anheuser-Busch, Inc.
Promotional Products Group
P.O. Box 26910
St. Louis, MO 63118
Attn: Retail Sales Correspondent

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AVON PRODUCTS, INC.
9 WEST 57TH STREET
NEW YORK, N.Y. 10019

W. THOMAS KNIGHT
SENIOR VICE PRESIDENT AND GENERAL COUNSEL

TELEPHONE
(212) 546-6604

May 29, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Longworth House Office Building, Room 1102
Washington, DC 20515

RE: H.R. 1876, DUTY SUSPENSION ON CERAMIC (NON-PORCELAIN) MUGS

Dear Mr. Leonard:

Avon Products, Inc. (Avon) strongly supports H.R. 1876, a temporary duty suspension on ceramic (non-porcelain) mugs.

With worldwide sales of $3.45 billion, Avon is the world's leading beauty company. The Avon brand is sold directly to customers by independent sales representatives. In addition, Avon's prestige fragrances of Giorgio Beverly Hills are sold through department stores.

Avon's beauty products are marketed in over 100 countries. The company employs more than 30,000 people and has a worldwide sales organization of more than 1.5 million representatives, of which 445,000 are in the United States.

The current general rate of duty for these products is 13.5% ad valorem. Although the duties Avon pays every year are substantial from the company's point of view, they are negligible as a source of federal revenues. The suspension of these duties is unlikely to have an adverse impact on domestic producers of ceramic (non-porcelain) mugs. In fact, the products of the existing domestic ceramic (non-porcelain) mug industry do not compete with the seasonal, collectible and unusual, single unit products Avon imports.

The Harmonized Tariff Schedule of the United States lists these articles (HTS subheadings 6912.00.44 formerly TSUS item 533.30) as duty-free under the Generalized System of Preferences, the Caribbean Basin Initiative and the U.S.-Israel Free Trade Agreement, and at a lower duty rate under the U.S.-Canada Free Trade Agreement. In 1990 statistics indicate that total imports were $107 million of which 78% entered duty-free into U.S. commerce -- a clear indication that duty-free importation of ceramic (non-porcelain) mug products poses no significant adverse impact for possible domestic production.

Avon has a long-standing relationship with suppliers of these products from countries that do not enjoy duty-free treatment. To date, Avon's efforts to find duty-free sources for these products were unsuccessful, the reason being difficulties in locating suppliers in these countries who could meet Avon's combined requirements of pricing, delivery schedules and volume. The current situation is adverse to the U.S. importers and to American consumers and does not help any significant domestic industry.

In conclusion, Avon supports the duty suspension for ceramic (non-porcelain) mugs and respectfully requests the support of the Committee on Ways and Means to pass H.R. 1876. We respectfully request the incorporation of our submission in its entirety into the record.

Sincerely,

W. Thomas Knight

STATEMENT SUBMITTED BY CORNING INCORPORATED ON H.R. 1876 TO THE SUBCOMMITTEE ON TRADE HOUSE WAYS AND MEANS COMMITTEE

JUNE 12, 1991

Corning Incorporated is opposed to passage of H.R. 1876, a bill to suspend the duty on ceramic mugs until January 1, 1995. If enacted, it would adversely affect our ability to fully utilize our plant in Charleroi, Pennsylvania where we have recently invested $20 million -- half of which was dedicated to developing a capacity to produce mugs domestically. Prior to our investment in Charleroi, Corning had been sourcing mugs from Asia.

There is no question that enactment of H.R. 1876 would negatively impact Corning's ability to sell into the mug market. Presently, our mug operations at Charleroi are running at less than full capacity, leaving us in a position to supply mugs to the original equipment manufacturer ("OEM") market. In addition to this, we are considering manufacturing mugs for sale as separate items in the mass merchant market.

Imports under 6912.00.44 are on an upward trend indicating that Corning and other domestic producers will continue to face growing competition from imports. Inspite of sluggish U.S. economic growth in 1990, imports under 6912.00.44 increased slightly from 14,251,316 dozens of pieces to 14,599,327 dozens of pieces. Eliminating the 13.5 percent tariff on these imports would accelerate this already existing trend toward greater importation of mugs into the domestic market.

The ceramic mugs produced by Corning in Charleroi become part of our Corelle® ceramic dinnerware sets. As such, the fate of our mug production will have a direct impact on the fate of our ceramic dinnerware business. Since the same production processes and workers are used to produce all ceramicware products, any adverse impact on the production of ceramic mugs for our dinnerware sets will have broader implications for all ceramicware products.

The U.S. ceramicware industry is extremely import sensitive. Since 1976, U.S. producers' shipments have fallen, imports have continued to expand, and U.S. consumption has grown only modestly. The result is that imports as a percentage of U.S. consumption has increased from 25.8 percent in 1976 to 80.4 percent in 1988. Clearly, additional tariff reductions are not needed in the ceramicware industry to stimulate additional imports.

CERAMICWARE CLASSIFIABLE UNDER HTS 6912: U.S. PRODUCERS' SHIPMENTS, EXPORTS, IMPORTS AND APPARENT U.S. CONSUMPTION

(IN MILLIONS OF DOLLARS)

Year	U.S. Producers' Shipments	Exports	Imports	U.S. Consumption	Imports as % of U.S. Consump.
1976	334.1	5.0	114.3	443.3	25.8
1977	311.3	4.1	155.9	463.1	33.7
1978	294.3	12.0	184.8	467.1	39.6
1979	396.8	14.1	188.4	571.1	33.0
1980	410.5	17.2	203.4	596.7	34.1
1981	444.0	17.9	228.8	654.9	34.9
1982	518.2	20.2	217.7	715.7	30.4
1983	515.5	19.4	274.7	770.8	35.6
1984	517.6	22.8	317.6	812.4	39.1
1985	372.6	15.8	356.2	713.0	50.0
1986	351.2	16.9	363.4	697.7	52.1
1987	135.7	23.9	417.3	529.1	78.9
1988	135.7[1]	35.0	411.8	512.5	80.4

Source: U.S. Department of Commerce

Given the manufacturing presence of Corning Incorporated in the United States and the import sensitivity of the ceramicware industry, we urge rejection of this bill. It would have the effect of conferring a 13.5 percent cost advantage to ceramic mug imports that they do not enjoy today and jeopardize the future profitability of our ceramic mug operations at Charleroi, Pennsylvania.

Timothy J. Regan
Director of Public Policy
Corning Incorporated

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[1] Estimated to remain at 1987 level.

COMMENTS OF THE PFALTZGRAFF CO.

On behalf of The Pfaltzgraff Co., a domestic producer of dinnerware, we submit these comments in opposition to two miscellaneous tariff and trade bills currently before the Subcommittee on Trade: H.R. 1876 and H.R. 1931. The bills propose that duties be temporarily suspended on certain imported dinnerware products for which Pfaltzgraff produces a competitive product. Specifically, H.R. 1876 provides for temporary duty suspension for imported ceramic mugs not in sets. H.R. 1931 provides for a separate tariff classification of certain imported opal borosilicate glass ovenware and dinnerware, as well as both a permanent duty reduction and temporary duty-free treatment on such products.

Pfaltzgraff submits that each of these bills would further exacerbate the current problems domestic dinnerware manufacturers are experiencing due to the significant volume of such low-priced imports. For this reason, Pfaltzgraff successfully opposed virtually identical bills, H.R. 1851 and H.R. 1843, introduced by Congressman Frenzel and Congressman Bustamante, respectively, in 1989, to suspend duties on ceramic mugs and opal borosilicate glass ovenware and dinnerware.

I. H.R. 1876

The bill introduced by Congresswoman Kennelly would suspend the present 13.5 percent rate of duty applicable to imported ceramic mugs until January 1, 1995. Imports of ceramic mugs under this current duty rate, however, are already posing a significant problem to domestic manufacturers of ceramic mugs, including Pfaltzgraff. Indeed, as detailed below, the U.S. Trade Representative has previously recognized the problems caused by imported ceramic mugs from the major foreign producers eligible at that time for duty-free treatment under the Generalized System of Preferences (GSP) -- the Republic of Korea, Taiwan and Brazil -- in denying such countries GSP duty-free treatment for mugs in April 1987. A renewed request by Brazil for GSP treatment on mugs in 1989 was similarly denied by USTR in July 1990. Based on a review of USTR's actions and the problems of the domestic mug manufacturers, Congress should similarly refuse to adopt H.R. 1876.

A. The U.S. Industry

The Pfaltzgraff Co. is located in York, Pennsylvania and is a subsidiary of the Susquehanna Pfaltzgraff Company. The company employs over 2,600 people, 1,100 of which are employees at its Syracuse China facility in Syracuse, New York. Pfaltzgraff also has a subsidiary company, Treasure Craft, located in Compton, California. Both Pfaltzgraff and Treasure Craft produce ceramic dinnerware and giftware, including earthenware mugs and ovenware that are competitive with the products identified in H.R. 1876 and H.R. 1931. The mugs Pfaltzgraff manufactures are made of earthenware and are sold either in blank form to the purchaser for its decoration or, more frequently, are decorated by Pfaltzgraff. The decorations may coordinate with Pfaltzgraff's dinnerware sets, may be decorated to the customer's specifications, or may be decorated by Pfaltzgraff in its own designs.

In addition to Pfaltzgraff and its subsidiary, Treasure Craft, the major U.S. producers of ceramic mugs are The Homer Laughlin Company of Newell, West Virginia and Scio Pottery Company of Scio, Ohio. There is additional production of ceramic mugs by other U.S. companies, particularly companies on the U.S. West Coast, but such production is relatively small.

Although domestic mug production is substantial, U.S. production is already much less than it was in the past due to the impact of imports. For example, not long ago domestic manufacturers were heavily involved in the production of earthenware mugs for sale in gift and novelty stores and on a contractual basis to bulk purchasers who use the mugs for advertising and promotional purposes. While these markets still exist and have even grown in size over the years, domestic manufacturers have lost a significant share of these markets to low-priced imports.

It should be emphasized that the decline in domestic producers' U.S. market share has not been on the basis of quality but rather on the basis of very low prices; U.S. producers manufacture mugs of a quality equal to or better than the imported mugs. The imports have taken market share not for reasons of quality but on the basis of very low prices. Because it is the low prices of imports that have already presented a competitive problem for U.S. companies attempting to compete in their home market, Pfaltzgraff finds it ironic that a bill proposing temporary duty suspension on mugs is now being considered.

B. The Imports

Imports of ceramic mugs have been significant and increasing in volume over the last ten years. Total mug imports have increased from roughly 6 million dozen in 1980 to over 14 million dozen in 1990, a 133 percent increase. The country accounting for the largest share of imported mugs -- and hence the country that stands to benefit most from H.R. 1876 -- is the Republic of Korea. Imports of Korean mugs increased in volume by 409 percent between 1980 and 1990. Imports of mugs from other countries, such as the People's Republic of China, Taiwan, and Japan, have also been substantial.

Moreover, the prices of the imported mugs are already, in general, well below the prices of domestic mugs. Because the imports can currently undercut domestic price levels under the present duty rate of 13.5 percent, and because the volume of such imports is significant and increasing, there is no need for temporary duty-suspension for ceramic mugs. Although exact statistics are not available on present U.S. mug production, it is known that imports currently dominate the U.S. mug market to the detriment of U.S. producers.

Nonetheless, the mug market remains an important market to The Pfaltzgraff Co. and other U.S. producers. Pfaltzgraff has the potential to produce a greater volume of mugs which it would like to take advantage of if the market would permit. The Scio Pottery Company, another domestic mug manufacturer, a few years ago invested several million dollars in upgrading its mug production capacity. Loss of current duty protection against imported mugs would have a devastating effect on Scio's recent investment and on the rest of the U.S. mug-producing industry.

C. USTR Denial of GSP Duty-Free Treatment for Mugs from South Korea, Taiwan and Brazil

In September 1986, the U.S. Trade Representative received a petition requesting duty-free treatment for imported ceramic mugs (then TSUS item 533.3000, now HTS No. 6912.00.44) under the Generalized System of Preferences (GSP). The petition asserted that Ceramic Developing Corporation, the main Korean manufacturer of mugs, hoped to increase its exports of mugs to the United States by at least 25 percent if duty-free treatment were granted. Pfaltzgraff, Scio Pottery and Homer Laughlin presented arguments similar to those set forth above in opposing the requested duty-free treatment for mugs. The U.S. mug manufacturers noted in particular that imported mugs from Korea, Taiwan and Brazil[1/] were causing problems to U.S. mug manufacturers under the current 13.5 percent rate of duty, and further increases in mug imports -- particularly an increase of 25 percent in Korean mug imports -- would have a devastating effect on the U.S. industry.

The U.S. Trade Representative apparently accepted these arguments by the domestic mug manufacturers and decided to deny the requested GSP duty-free treatment for mugs imports from Korea, Taiwan and Brazil. See 52 Fed. Reg. 19,216 (May 21, 1987). Although granting GSP-eligibility to tariff item 533.3000, the major exporting nations were specifically declared ineligible for GSP treatment.

In 1989, the Government of Brazil[2/] renewed its request for duty-free treatment of ceramic mugs. Following opposition by Pfaltzgraff to this request, the U.S. Trade Representative once again denied GSP duty-free treatment to Brazil on ceramic mugs in July 1990.

1/ At the time of the 1986-87 GSP investigation, articles from Korea and Taiwan were eligible for GSP duty-free treatment.

2/ By 1989, Korea and Taiwan were no longer eligible for GSP designation.

The requested temporary duty-suspension bill for imported ceramic mugs appears to be merely an attempt to accomplish what USTR denied in 1987 and again in 1990 -- duty-free treatment for mugs from the major exporting nations. Korea and Taiwan, in particular, continue to account for a sizable portion of mug imports and continue to sell in significant quantities at low prices under the current tariff. Since Korea would be the main beneficiary of any temporary duty-free treatment granted on mugs, such benefits are unnecessary. Korea and other countries have been able to substantially increase their mug exports to the United States at the current 13.5 percent rate of duty. Were this duty eliminated, it cannot be doubted that these imports would increase further and potentially drive current U.S. producers out of business altogether.

It is also worthy of note that many of the major foreign mug producers already possess a competitive advantage over U.S. producers of ceramic mugs due to the significantly lower wage rates in most of these countries. Because the production of mugs is a labor-intensive operation, the disparity in wage rates alone provides these foreign producers with a competitive edge over U.S. producers of mugs. This factor too, militates against the temporary suspension of duties on mug imports.

D. Conclusion

In sum, the granting of temporary duty-free treatment to imported ceramic mugs would come at the expense of a U.S. industry that has already suffered the effects of low-priced imports. The major exporting nations have a significant share of the U.S. market under present duty rates. Were that protection eliminated, the U.S. industry would find competition with imports virtually impossible. Accordingly, the Pfaltzgraff Co. opposes H.R. 1876.

II. H.R. 1931

The other bill currently before the Subcommittee on Trade that Pfaltzgraff opposes is H.R. 1931, the bill introduced by Congressman Bustamante to create a new tariff classification for opal borosilicate glassware, including ovenware and dinnerware, and to permanently reduce the tariff on such glassware from 30 percent to 7.2 percent as well as temporarily suspend the duty on this item entirely for a period of three years. Although no introductory statement accompanied the bill, H.R. 1931 is virtually identical to a bill, H.R. 1843, introduced by Congressman Bustamante during the 101st Congress. According to the introductory statement to H.R. 1931, the purpose of the bill was to benefit Mexico "without detriment to U.S. manufacturers." Cong. Rec. E1395 (April 23, 1991).

This bill should not be enacted because it would indeed cause problems for U.S. manufacturers and because it unfairly targets one beneficiary nation to the exclusion of others in violation of basic Most-Favored-Nation (MFN) principles.

The Pfaltzgraff Co. is a domestic producer of ceramic ovenware and dinnerware products that are similar to and competitive with the opal borosilicate glass ovenware and dinnerware products identified in H.R. 1931. Although the products identified in the bill are made of glassware while the Pfaltzgraff products are made of fine-grained earthenware, these products all compete with one another in the marketplace.

The rationale articulated for the bill -- that a 30 percent duty should not be imposed on this merchandise because "this product is no longer produced in the United States" -- is misplaced. Cong. Rec. E1395. Both like and directly competitive dinnerware and ovenware are manufactured in the United States. Thus, a substantial reduction or temporary elimination of import duties on this product would, indeed, be to the disadvantage of U.S. manufacturers of like or directly competitive products.

A second problem posed by this legislation is that it would unfairly favor Mexico over all other exporting nations. The bill states that the newly proposed tariff classification for kitchen and dinnerware sets of opal borosilicate glass is limited to those products "imported by truck directly from the country of origin . . . ." H.R. 1931, sec. 1.

Congressman Bustamante's introductory statement makes plain that this caveat was designed to provide special treatment for glassware imported from Mexico.

Such an attempt to single out one trading partner and give it preferential duty treatment vis-a-vis other nations is a blatant violation of the nondiscriminatory, MFN principle in article 1 of the General Agreement on Tariffs and Trade (GATT). Article 1 of the GATT makes clear that all contracting parties are to provide nondiscriminatory treatment, including treatment with respect to the imposition of customs duties on imports, to all other contracting parties. The bill would discriminate against all other U.S. trading partners in favor of preferential treatment for Mexico. Because this preferential treatment for Mexico appears to be the thrust of the bill, for this additional reason H.R. 1931 should not be enacted by Congress.

Serko & Simon
Counsellors at Law
Customs & International Trade Law

One World Trade Center . Suite 3371
New York, N. Y. 10048 . 212-775-0055
Telex: 426816 Trade   Cable: Trade Attys
Facsimile: 212-839-9103

Branch Offices:

Washington, D.C.
Atlanta, Georgia
Old San Juan, P.R.
Taipei, Taiwan

New York - June 11, 1991

Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth Office Building
Washington, D.C. 20515

Attention: Robert J. Leonard, Esq.
Chief Counsel

Re: H.R. 1876 to Suspend Temporarily the Duty on Ceramic Mugs (Non-Porcelain)

Dear Mr. Leonard:

This statement is submitted by Joel K. Simon, Esq. of the New York Customs and International Trade Law firm of Serko & Simon, One World Trade Center, Suite 3371, New York, New York 10048. Telephone number (212) 775-0055. On behalf of our client, Russ Berrie & Company, Inc. and its subsidiary Papel/Freelance, we respectfully submit this statement in support of H.R. 1876, a bill to suspend temporarily the duty on imported ceramic mugs introduced by Congresswoman Barbara B. Kennelly. These mugs are classified under HTSUS subheading 6912.00.44 dutiable at 13.5 percent ad valorem.

Russ Berrie & Company, Inc. designs and markets a vast selection of impulse gifts to retail stores in the United States and many countries throughout the world. The Company's extensive line of over 10,000 products encompasses both everyday and seasonal gift items, including stuffed animals, ceramic mugs, porcelain gifts, picture frames, gift bags, greeting cards, figurines, keyrings, magnets, school and stationery merchandise, trolls, collectible dolls and National Football League and Major League Baseball merchandise. These popularly priced products are manufactured for the Company by independent contractors.

The Company employs approximately 2600 men and women worldwide, including a house sales force that numbered more than 800 at the beginning of 1991. A diverse customer base includes more than 100,000 retail outlets such as card and gift stores, florists, pharmacies, party shops and stationery stores, as well as hotel, airport and hospital gift shops. Six distribution centers in the United States in Oakland, NJ, Cranbury, NJ, Marietta, GA, Grand Prairie, TX, Petaluma, CA, and Reynoldsburg, OH, plus one in Canada and another in England, provide strategically located regional facilities to serve customers.

Russ Berrie had 400 employees in this country in 1980 and sales exceeded $34,440,000. The net sales for the year ending December 31, 1990 was $250,579,000. The company believes that price stability is important for future growth and profitability.

Russ Berrie's primary source for mugs is Korea, China, Thailand and Indonesia.

The mugs that Russ Berrie imports have humorous and non-humorous messages printed on them. Some mugs have designs while others have no messages or designs on them. They are not sold in sets and are considered to be impulse types of items or souvenir purchases. Research was conducted at the Bureau of Census of the Department of Commerce in an attempt to obtain domestic information on the production of mugs and steins.

It appears that there are no government or trade studies on the domestic production of this specific commodity. An informal survey was taken of a number of chain stores in the New York City area that sell mugs and steins. These stores are typical of similar stores selling mugs and steins throughout the United States. Our survey indicates that most mugs available for sale are imported.

The United States Department of Commerce statistics for the importation of mugs in 1989, IM 146, show that the major producers of the articles classified under HTSUS item 6912.00.44 are Japan, Korea, China, Brazil, and Taiwan. Many other developing countries have ceramic industries which would benefit from the bill to suspend temporarily the duty on ceramic mugs not in sets.

IM 146 statistics show the total value of mugs exports to the United States from these countries for 1989 and 1990 are as follows:

HTSUS 6912.00.44
Ceramic Mugs
(Non-Porcelain)
IM 146 Statistics
1989 and 1990

Dollar Value

U.S. IMPORTS	1989	1990
Brazil	$ 11,677,663	$ 9,902,890
China	9,396,052	14,167,379
Korea	34,382,794	31,351,128
Taiwan	12,998,857	15,365,614
Japan	18,297,348	18,239,418
Total Imports	$ 86,752,714	$ 89,026,429
Total All Countries	$101,941,155	$107,119,236

For the United States, the legislation would have only positive trade policy implications. The bill granting temporary duty suspension will not decrease United States employment since there is little if any production of these items in the United States.

The proposed legislation will help our client maintain a low price and promote the sale of the mugs. By this means, our client will continue to expand the number of jobs in the sales and distribution sectors. The ability to maintain or lower the price of the mugs would be anti-inflationary, and afford a benefit to the American consumer, as competetive pressures would result in passing of the duty savings to the consumer.

The benefit to the United States includes increased jobs in the sales and distribution sector of the economy. The temporary duty suspension will have a positive effect, since the mugs are often a gift item or souvenir sold in a variety of retail outlets which are purchased by American and foreign visitors to the U.S. as representative of the U.S. thereby creating an export market.

Many of the consumers of these items are children. The informal market surveys indicate that maintaining a low price for mugs is important to the young consumer. Often, the ceramic mugs are purchased for fathers and mothers, teachers, etc., with special messages on the mugs, such as "You are the best father or mother in the world," or "My favorite teacher."
Enclosed are photographs of representative mugs.

We believe that there is little, if any, production of these mugs in the United States. In 1988, the United States Trade Representative granted Generalized System of Preference treatment to mugs after hearings established that no U.S. industry would be injured by giving duty free treatment to certain beneficiary developing countries.

Many tariff items in the past have had duty rates reduced through staged rates. However, the duty rate for mugs under HTSUS 6912.00.44 has remained consistently at the high rate of 13.5 % ad-valorem which is considerably higher than the average tariff rate for all manufactured products.

In conclusion, we believe that our client will be more effective in its strategic planning and more accurate in projecting the need for additional employees if the price of the mugs will be maintained as a result of the proposed legislation.

Finally, we believe that the American consumer and economy will greatly benefit by favorable recommendation of this bill to suspend temporarily the duty on ceramic mugs not in sets.

We respectfully request an opportunity to appear at any scheduled hearing for H R 1876.

For the foregoing reasons and the continued growth of Russ Berrie's business and its increasing number of American employees, we strongly urge a favorable consideration of H.R. 1876, a bill for the temporary suspension of the duty on ceramic mugs.

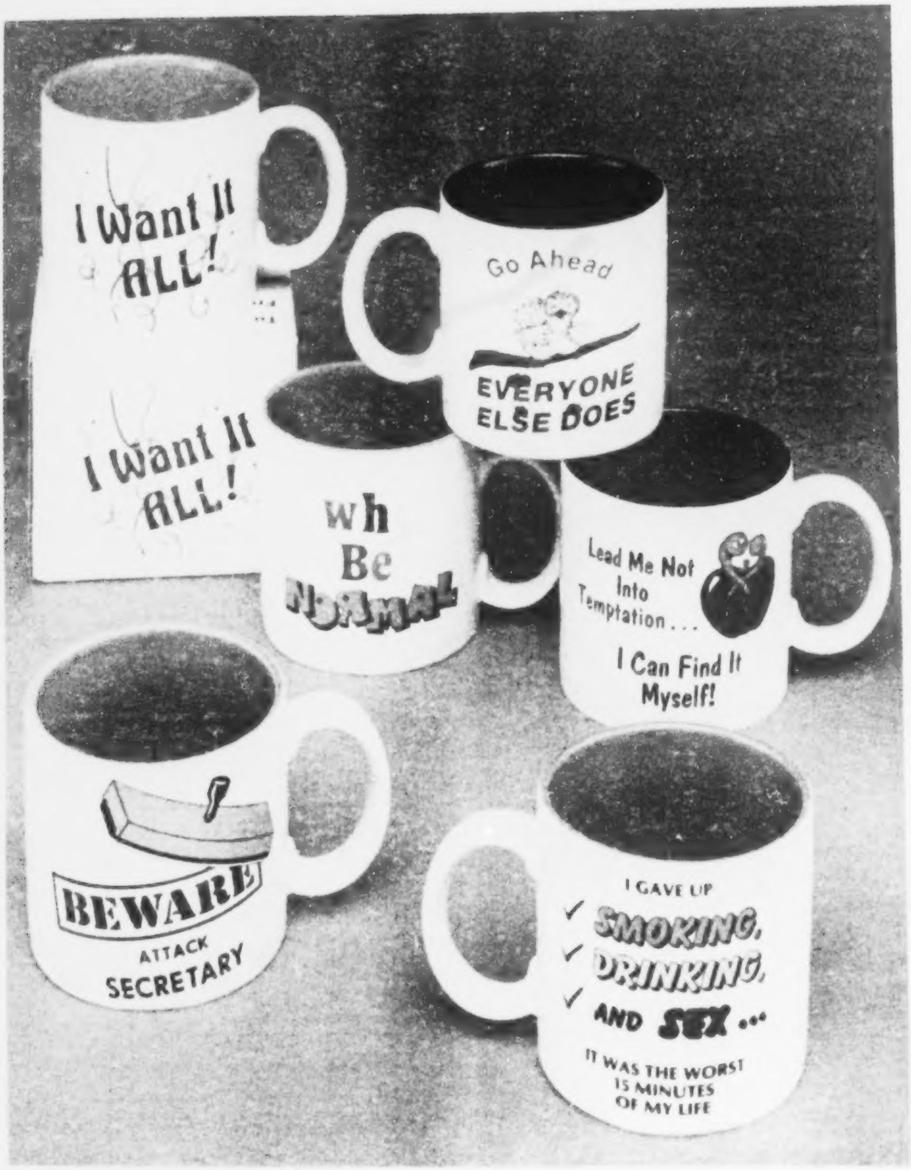
Sincerely,

SERKO & SIMON

Joel K Sim

Joel K. Simon

JKS:pk
Enclosures

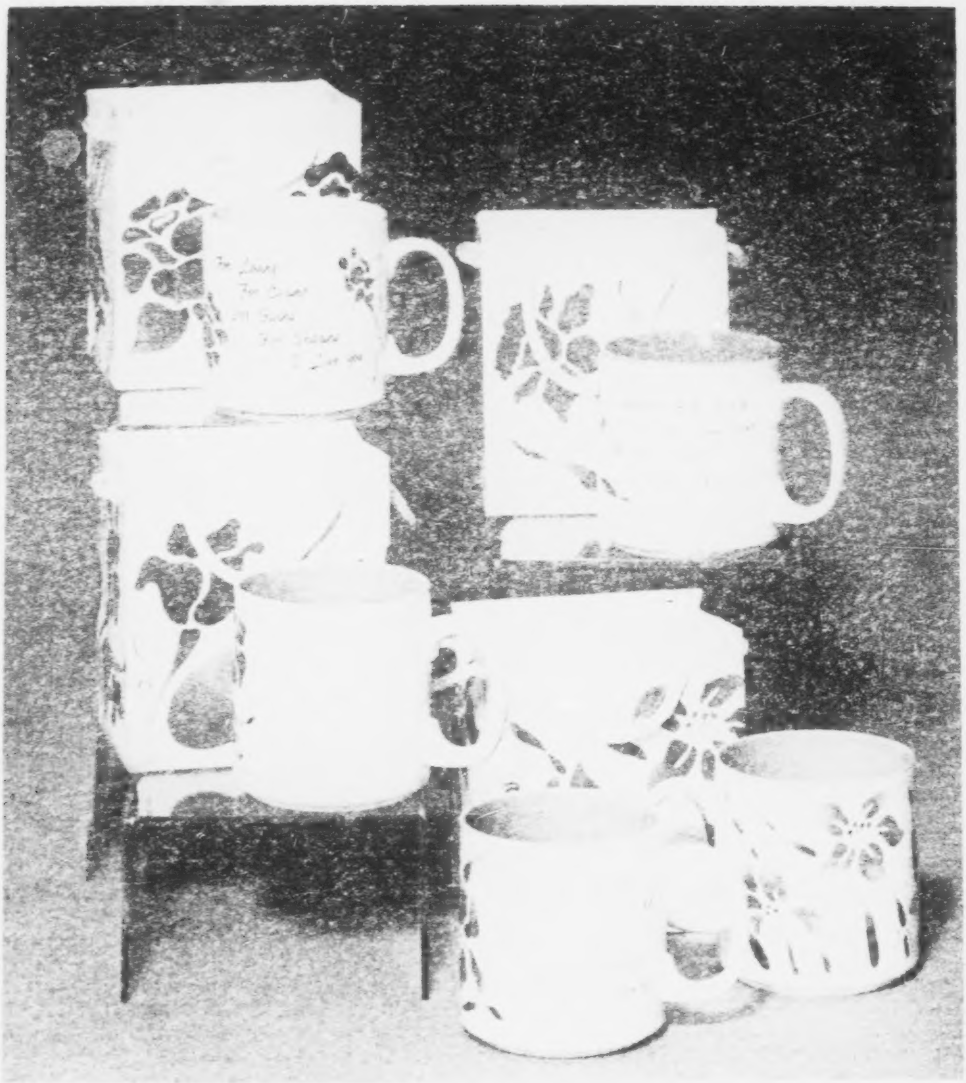

I Want It ALL!
I Want It ALL!
Go Ahead
EVERYONE ELSE DOES
wh
Be
NORMAL
Lead Me Not Into Temptation . . .
I Can Find It Myself!
BEWARE
ATTACK
SECRETARY
I GAVE UP
✓ SMOKING,
✓ DRINKING,
✓ AND SEX . . .
IT WAS THE WORST 15 MINUTES OF MY LIFE

#8355 Personal Statement Mugs
4 pcs. each of 6 styles (Individually Gift Boxed)
Cost: $69/deal, Size: 3½" (11 oz.)
Suggested Retail: $5.75

#12580 PROFESSIONAL DEFINITION CERAMIC MUG
Size: 3 5/8", 11oz., gift boxed
Cost: $42/dz.; Sugg. Retail: $7.00

WORLD'S BEST TEACHER
WORLD'S BEST TEACHER

RUSS® #8738 "WORLD'S BEST TEACHER" CERAMIC MUG
Size: 3 1/2", 10oz.
Cost: $30/dz.; Sugg. Retail: $5.00
●



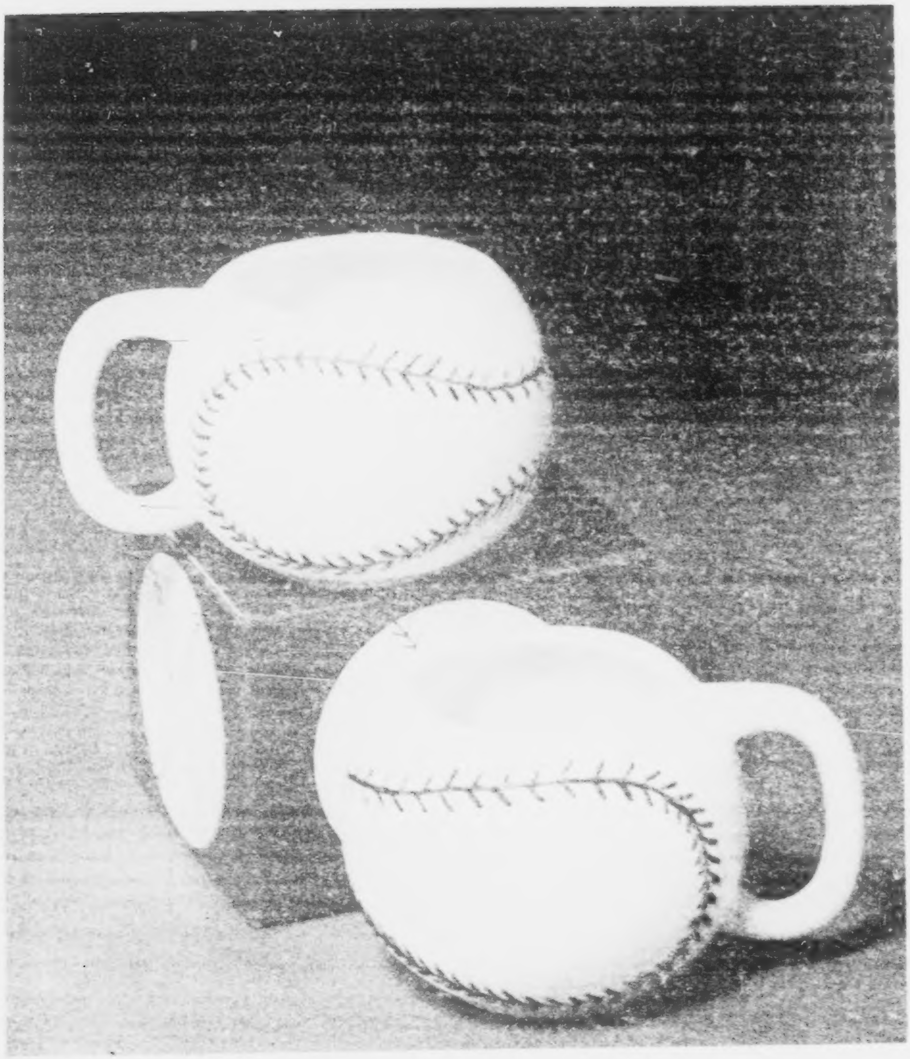
RUSS®

#12850 FLORAL CERAMIC MUGS W/TOTES
4 pieces each of 4 styles
Size: 3 1/2", 10oz.
Cost: $56/deal; Sugg. Retail: $7.00
●

Over The Hill
Life Begins At 40
Aged To Perfection
GOLFING IS MY GAME

CERAMIC EMBOSSED MUGS
Size: 3 3/4", 11oz., gift boxed
Cost: $45/dz.; Sugg. Retail: $7.50

#8019 Over The Hill
#8050 Life Begins At 40
#8054 Aged To Perfection
#8088 Golf Is My Game



RUSS

#8423 BASEBALL MUG
Size 3"
Cost $39/dz. Suggested Retail $6.50

533.30

H.R. 1877

To suspend until January 1, 1995, the duty on imitation non-metal jewelry

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AVON PRODUCTS, INC.
9 WEST 57TH STREET
NEW YORK, N.Y. 10019

W. THOMAS KNIGHT
SENIOR VICE PRESIDENT AND GENERAL COUNSEL

TELEPHONE
(212) 546-6604

May 29, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Longworth House Office Building, Room 1102
Washington, DC 20515

RE: H.R. 1877, DUTY SUSPENSION ON IMITATION, NON-METAL JEWELRY

Dear Mr. Leonard:

Avon Products, Inc. (Avon) strongly supports H.R. 1877, a temporary duty suspension on imitation, non-metal plastic jewelry.

With worldwide sales of $3.45 billion, Avon is the world's leading beauty company. The Avon brand is sold directly to customers by independent sales representatives. In addition, Avon's prestige fragrances of Giorgio Beverly Hills are sold through department stores.

Avon's beauty products are marketed in over 100 countries. The company employs more than 30,000 people and has a worldwide sales organization of more than 1.5 million representatives, of which 445,000 are in the United States.

The current general rate of duty for these products is 11.0% *ad valorem*. Although the duties Avon pays every year are substantial from the company's point of view, they are negligible as a source of federal revenues. The suspension of these duties is unlikely to have an adverse impact on domestic producers of non-metal, plastic jewelry.

Domestic industry analysts at the various executive agencies are not aware of any significant U.S. manufacturers of these products. The products of the existing domestic plastic jewelry industry do not compete with the products Avon imports.

The Harmonized Tariff Schedule of the United States lists these articles (HTS subheadings 7117.90.50, *formerly* TSUS items 740.38 and 740.41) as duty-free under the Generalized System of Preferences, the Caribbean Basin Initiative and the U.S.-Israel Free Trade Agreement, and at a lower duty rate under the U.S.-Canada Free Trade Agreement.

In 1990 statistics indicate that total imports were $255 million of which 17% entered duty-free into U.S. commerce -- a clear indication that duty-free importation of plastic jewelry products poses no significant adverse impact for possible domestic production.

Avon has a long-standing relationship with suppliers of these products from countries that do not enjoy duty-free treatment. To date, Avon's efforts to find duty-free sources for these products were unsuccessful, the reason being difficulties in locating suppliers in these countries who could meet Avon's combined requirements of pricing, delivery schedules and volume. The current situation is adverse to the U.S. importers and to American consumers and does not help any significant domestic industry.

In conclusion, Avon supports the duty suspension for imitation, non-metal jewelry and respectfully requests the support of the Committee on Ways and Means to pass H.R. 1877. We respectfully request the incorporation of our submission in its entirety into the record.

Sincerely,

WTK/ms

Serko & Simon
Counsellors at Law
Customs & International Trade Law

One World Trade Center . Suite 3371
New York, N.Y. 10048 . 212-775-0055
Telex: 426816 Trade   Cable: Trade Attys
Facsimile: 212-839-9103

Branch Offices:

Washington, D.C.
Atlanta, Georgia
Old San Juan, P.R.
Taipei, Taiwan

New York - June 11, 1991

Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth Office Building
Washington, D.C. 20515

Attention: Robert J. Leonard, Esq.
Chief Counsel

Re: Comments in Support of H.R. 1877 to Temporarily Suspend the Duty on Imitation Non-Metal Jewelry

Dear Mr. Leonard:

On behalf of our client, Russ Berrie & Company, Inc. (Russ Berrie) of Oakland, New Jersey, we are writing in support of H.R. 1877 introduced by Congresswoman Barbara B. Kennelly. This bill would temporarily suspend duty on imitation non-metal jewelry provided for in subheading 7117.90.50 of the HTSUS.

Russ Berrie & Company, Inc. designs and markets a vast selection of impulse gifts to retail stores in the United States and many countries throughout the world. The Company's extensive line of over 10,000 products encompasses both everyday and seasonal gift items, including stuffed animals, ceramic mugs, porcelain gifts, picture frames, gift bags, greeting cards, imitation jewelry, figurines, keyrings, magnets, school and stationery merchandise, trolls, collectible dolls and National Football League and Major League Baseball merchandise. These popularly priced products are manufactured for the Company by independent contractors.

The Company employs approximately 2600 men and women worldwide, including a house sales force that numbered more than 800 at the beginning of 1991. A diverse customer base includes more than 100,000 retail outlets such as card and gift stores, florists, pharmacies, party shops and stationery stores, as well as hotel, airport and hospital gift shops. Six distribution centers in the United States in Oakland, NJ, Cranbury, NJ, Marietta, GA, Grand Prairie, TX, Petaluma, CA, and Reynoldsburg, OH, plus one in Canada and another in England, provide strategically located regional facilities to serve customers.

Russ Berrie had 400 employees in this country in 1980 and sales exceeded $34,440,000. The net sales for the year ending December 31, 1990 was $250,579,000. The Company believes that price stability is important for future growth and profitability.

In times of reduced value of the U.S. dollar, Russ Berrie has found that the prices of many of the products it has purchased have increased greatly.

H.R. 1877 would temporarily suspend the duties for imitation non-metal jewelry entered on or before December 31, 1994. These articles are currently provided for in subheading 7117.90.50 of the Harmonized Tariff Schedule of the United States (HTSUS). H.R. 1877 would amend chapter 99 of the HTSUS by inserting a new subheading 9902.71.17.

The following are the U.S. Imports-Consumption IM 146 value statistics compiled by the Department of Commerce for imitation non-metal jewelry for the period covering 1989 and 1990.

HTSUS 7117.90.50
Imitation Non-Metal Jewelry
IM 146 Statistics
1989 and 1990

Dollar Value

U.S. IMPORTS	1989	1990
Philippines	$ 19,682,882	$ 17,677,272
China	22,497,884	33,111,436
Korea	59,189,716	56,290,301
Hong Kong	32,788,537	26,350,039
Taiwan	55,563,579	53,705,712
Total Imports	$189,722,598	$187,134,760
Total All Countries	$254,612,379	$253,674,106

Most of this imitation jewelry is relatively inexpensive and is primarily produced in the Orient. The major producers are Taiwan, Hong Kong, China, Korea and the Philippines. A temporary suspension of duties on these items would allow Russ Berrie and other importers to maintain price stability at a time prices in the Far East continue to rise. Some of the items which Russ Berrie imports are bracelets, earrings, pins, necklaces, etc. (see enclosed photographs). This merchandise is inexpensive and usually purchased by or for children. These items do not compete with domestically produced jewelry.

There is a real concern in the industry that continued increases in prices will result in reduced sales and a loss of domestic jobs in sales and distribution.

The "1991 U.S. Industrial Outlook" published by the Department of Commerce (see attached copy) refers to both precious and costume (imitation) jewelry. The statistics for costume jewelry do not have any breakouts for the various kinds of jewelry, such as, metal, wood, plastic, glass, etc. We believe though that the greatest dollar value of imports is for base metal jewelry. Therefore, it is not possible to directly relate these statistics to H.R. 1877 which refers to the suspension of duties for imitation non-metal jewelry.

Therefore, on behalf of our client, Russ Berrie & Company, Inc., we strongly urge favorable consideration by the Ways and Means Committee of this bill to temporarily suspend the duty for imitation non-metal jewelry.

We respectfully request an opportunity to appear at any scheduled hearing for HR 1877.

Thank you for your consideration of our request.

Sincerely,

SERKO & SIMON

Joel K. Simon

JKS/ipk
Enclosures

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Personal Consumer Durables

Shipments of selected personal consumer durables are expected to decline 3.5 percent in 1991 in constant dollars, following a decline of 3.0 percent in 1990. Only shipments of motorcycles and bicycles, boosted by exports, are expected to increase in 1991, as shipments of the jewelry; dolls, toys, games, and children's vehicles; musical instruments; boating; and sporting goods industries fall.

The personal consumer durables industries covered in this chapter are jewelry (SICs 3911 and 3961); musical instruments (SIC 3931); motorcycles, bicycles, and parts (SIC 3751); boat building and repairing (SIC 3732); and sporting and athletic goods (SIC 3949).

Before reading this chapter, please see "How to Get the Most Out of This Book" on page 1. It will clarify questions you may have concerning data collection procedures, factors affecting trade data, forecasting methodology, the use of constant dollars, the differences between industry and product data, sources and reference, and the Standard Industrial Classification system (SIC). For other topics related to the subject of this chapter, see Chapters 6 (Wood Products), 9 (Textile Mill Products), 14 (Plastics and Rubber), 15 (Metals), 17 (Electronic Components and Superconductors), 12 (Entertainment).

Entering 1991, the outlook for the consumer goods industries specified above is unfavorable. Shipments by most of these industries declined in 1990, as did several in 1989. These industries are cyclical, heavily influenced by changes in disposable personal income, personal consumption expenditures, and consumer confidence. Growth in disposable personal income has slowed steadily since 1988, when it increased 4.9 percent in constant dollars over 1987. Growth slowed to 2.4 percent in 1989, and by the second quarter of 1990 had further slowed to only a 0.1 percent change from the preceding quarter, based on seasonably adjusted annual rates.

Similarly, real personal consumption expenditures have dropped since 1988 when they increased 3.6 percent over 1987. Such expenditures increased only 1.9 percent in 1989, and then fell 0.3 percent in the second quarter of 1990 from the preceding quarter. Consumer confidence, as measured by the University of Michigan's Consumer Sentiment Index and the Conference Board's Consumer Confidence Index, dropped to its lowest level since the recession year of 1982.

Partially offsetting these indicators, U.S. exports of personal consumer durables continue to benefit from the sharp decline in the value of the U.S. dollar. From its March 1985 peak through its December 1988 low, the comprehensive world real value of the dollar decreased 29.7 percent, as calculated by the Federal Reserve Bank of Dallas. Since then, the dollar has appreciated only 3.9 percent through July 1990.

In 1990, exports were up an estimated 28 percent, or $800 million, to $3.7 billion, while imports increased an estimated 15 percent, or $2 billion, to $15 billion. Although the percentage growth rate for exports was nearly double that for imports, the higher rate was more than offset by the larger dollar base for imports, resulting in an increased trade deficit. Nevertheless, exports are likely to continue growing at a faster rate than imports while the U.S. dollar remains at or near its 1990 level on foreign exchange markets. The additional shipments expected to result from increased exports are especially welcome, as domestic demand is projected to slacken in 1991.—*John Harris, Office of Consumer Goods, (202) 377-1178, September 1990.*

JEWELRY

Shipments of jewelry, after adjusting for price increases, declined slightly in 1990, reflecting a slowing economy, a

U.S. Exports and Imports
Personal Consumer Durables
(in millions of dollars except as noted)

SIC	Industry	1989	1990[1]	1991[2]	Percent Change 1989-90	Percent Change 1990-91
3732	Boat building and repairing					
	Value of exports	615	814	991	32.4	21.7
	Value of imports	404	270	201	−33.2	−25.6
3751	Motorcycles, bicycles, and parts					
	Value of exports	245	396	447	61.6	12.9
	Value of imports	1,316	1,299	1,277	−1.4	−1.7
3911	Jewelry, precious metal					
	Value of exports	422	455	485	7.8	6.6
	Value of imports	2,591	2,533	2,500	−2.2	−1.3
3931	Musical instruments					
	Value of exports	224	251	263	12.1	4.8
	Value of imports	646	678	746	5.0	10.0
3942	Dolls and stuffed toys					
	Value of exports	54.3	48.0	46.0	−11.6	−4.2
	Value of imports	1,428	1,800	2,200	429	10.0
3944	Games, toys, and children's vehicles					
	Value of exports	331	475	523	43.5	10.0
	Value of imports	4,096	5,800	6,400	46.3	6.7
3949	Sporting and athletic goods, nec					
	Value of exports	942	1,156	1,275	22.7	10.3
	Value of imports	1,828	2,062	2,115	12.8	2.6
3961	Costume jewelry					
	Value of exports	91.2	110	120	20.6	9.1
	Value of imports	510	525	550	2.9	4.8
	Personal Consumer Durables					
	Value of exports	2,925	3,705	4,150	28.7	12.0
	Value of imports	12,623	14,967	15,966	18.7	6.6

[1] Estimate.
[2] Forecast.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.

U.S. Trade Patterns in 1989
Personal Consumer Durables
SIC 3732, 375, 3911, 393, 394, 3961
(In millions of dollars, percent)

Exports	Value	Share	Imports	Value	Share
Canada & Mexico	578	19.8	Canada & Mexico	604	4.7
South America	65.6	2.2	South America	173	1.3
European Community	609	20.8	European Community	435	3.4
East Asia NICs	230	7.9	East Asia NICs	6,106	47.6
Japan	677	23.2	Japan	3,029	23.6
Other	766	26.2	Other	2,472	19.3
World Total	2,925	100.0	World Total	12,823	100.0
Top Five Countries					
	Value	Share		Value	Share
Japan	677	23.2	Japan	3,029	23.6
Canada	343	11.7	Taiwan	2,155	16.8
United Kingdom	263	9.0	China	1,634	12.7
Mexico	235	8.0	Italy	1,306	10.2
West Germany	156	5.3	South Korea	970	7.6

See "How to Get the Most Out of This Book" for definitions of the Country Groupings.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA).

decline in consumer confidence, and rising diamond prices. Shipments of precious metal and costume jewelry were an estimated $5.7 billion, with precious metal jewelry accounting for $4.3 billion and costume jewelry, $1.4 billion. Total constant dollar shipments were down 1.3 percent from 1989, with precious metal jewelry dropping 2.8 percent, and costume jewelry rising 3.5 percent. Consumer demand appeared to shift somewhat from precious metal jewelry to costume jewelry during the year, probably due to rising prices for precious metal jewelry and the desire of consumers to economize because of the uncertain economic outlook.

The jewelry industry is highly cyclical, affected by changes in disposable personal income and consumer confidence. During the first two quarters of 1990, the rate of increase in disposable personal income and personal consumption expenditures slowed, and the University of Michigan's Consumer Sentiment Index declined from 1989 levels. Historically, falling consumer confidence has resulted in a drop in consumer spending on discretionary items such as jewelry.

Since 1987, sales of precious metal jewelry have also been adversely affected by multiple price increases by De Beers, the large diamond sales syndicate. There has been domestic sales resistance to a 10 percent price increase in 1987, a 13.5 percent increase in 1988, a 15.5 percent increase in 1989, and a 5.5 percent increase in 1990. However, robust diamond sales in Japan and other Asian nations helped insure that the price increase would be maintained. In fact, Asian consumers now account for more diamond sales than Americans. Nevertheless, the sharp decline in the Tokyo and several other world stock markets in 1990 will probably postpone price increases in the near future.

Factors Affecting Price

The price of jewelry is not expected to change significantly due to external factors such as supply. For example, the possibility of an embargo on diamonds from South Africa, a major supplier of this important gem, seems remote. A recent General Accounting Office report on the effects of further sanctions against South Africa concluded that banning South African diamonds is not feasible. Since diamonds have no distinguishing characteristics, smuggling and false documentation could easily circumvent such a measure. Furthermore. since diamonds account for only 2 percent of exports from South Africa, a ban would have little effect on its economy. Similarly, while the report suggested that control of the rough diamond market by De Beers could conceivably be broken by a cartel of diamond purchasers, this was considered unlikely by industry analysts, given the advertising, financing, and marketing leadership provided by De Beers.

In 1992 the 12 member countries of the European Community (EC) will create a single market consisting of 325 million people with a Gross Domestic Product of $4.5 trillion and a per capita income of $13,770, as of 1988. Although not expecting the single market to be fully operational until 1992, firms within the EC are already preparing for competition with other world markets.

A major problem limiting U.S. jewelry exports to the EC is the multiplicity of national standards for jewelry among its members, requiring numerous and expensive production and marketing strategies. In 1990, there were ten standards for gold, ranging from 8 to 22 karat, based on the proportion of gold to other metals. Allowable tolerances for gold content vary as well. By contrast, the United States is predominantly a 14-karat market with some 10 karat and 18 karat items also

Trends and Forecasts: Jewelry, Precious Metal (SIC 3911)
(In millions of dollars except as noted)

Item	1987	1988[1]	1989[2]	1990[2]	1991[3]	Percent Change 1987–88	1988–89	1989–90	1990–91
Industry Data									
Value of shipments[4]	4,078	4,339	4,537	4,592	—	6.4	4.6	1.2	—
Value of shipments (1987$)	4,078	4,206	4,350	4,240	4,113	3.1	3.4	−2.5	−3.0
Total employment (000)	35.5	37.3	38.3	37.4	35.5	5.1	2.7	−2.3	−5.1
Production workers (000)	24.8	25.7	26.6	25.6	24.3	3.6	3.5	−3.8	−5.1
Average hourly earnings ($)	7.65	7.52	7.73	8.04	—	−1.7	2.8	4.0	—
Capital expenditures	40.3	27.2	—	—	—	−32.5	—	—	—
Product Data									
Value of shipments[5]	3,858	4,048	4,228	4,283	—	5.0	4.4	1.3	—
Value of shipments (1987$)	3,858	3,925	4,069	3,955	3,836	1.7	3.7	−2.8	−3.0

[1] Advance data from the 1988 Annual Survey of Manufactures.
[2] Estimate.
[3] Forecast.
[4] Value of all products and services sold by establishments in the jewelry, precious metal industry.
[5] Value of products classified in the jewelry, precious metal industry produced by all industries.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.

Trends and Forecasts: Costume Jewelry (SIC 3961)

(In millions of dollars except as noted)

Item	1987	1988[1]	1989[2]	1990[2]	1991[3]	Percent Change 1987–88	1988–89	1989–90	1990–91
Industry Data									
Value of shipments[4]	1,392	1,333	1,513	1,612	—	−4.2	13.5	6.5	—
Value of shipments (1987$)	1,392	1,303	1,425	1,475	1,460	−6.4	9.4	3.5	−1.0
Total employment (000)	22.2	23.3	25.5	27.0	26.2	5.0	9.4	5.9	−3.0
Production workers (000)	14.9	15.6	17.4	18.7	17.9	4.7	11.5	7.5	−4.3
Average hourly earnings ($)	6.20	5.95	6.16	6.24	—	−4.0	3.5	1.3	—
Capital expenditures	11.2	13.8	—	—	—	23.2	—	—	—
Product Data									
Value of shipments[5]	1,265	1,196	1,366	1,448	—	−5.5	14.2	6.0	—
Value of shipments (1987$)	1,265	1,169	1,280	1,325	1,312	−7.6	9.5	3.5	−1.0

[1] Advance data from the 1988 Annual Survey of Manufactures.

[2] Estimate.

[3] Forecast.

[4] Value of all products and services sold by establishments in the costume jewelry industry.

[5] Value of products classified in the costume jewelry industry produced by all industries.

SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.

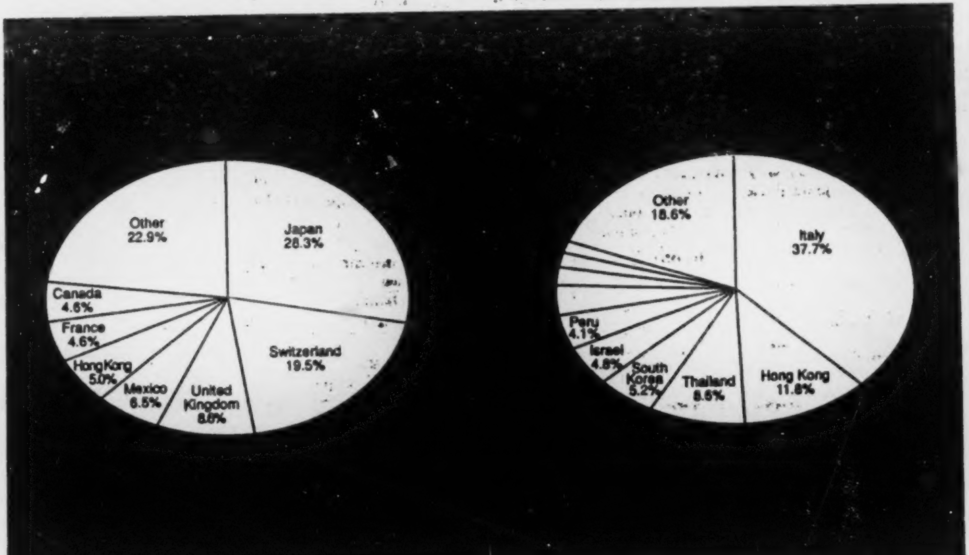
sold. Standards for gold plating thicknesses also differ markedly among the member nations. Compounding the differences are varying systems for testing and certification.

The establishment of EC standards for precious metals, together with the creation of an EC program of testing and certification, will greatly facilitate trade within the EC and with its various trading partners. The EC is now considering a guarantee system for articles containing precious metals based on industry trade convention recommendations. Discussions indicate that the number of allowable standards for gold will be cut sharply, probably to 9, 14, 18, and 22 karat. The present system of independent national hallmarking, testing, and certification may be replaced by compulsory marking of manufacturer or importer fineness, and EC country of entry, as well as random test monitoring. A draft directive is expected in 1991, with a final version to be published in 1992. The new standards will facilitate trade by simplifying production and marketing requirements.

INTERNATIONAL COMPETITIVENESS

Jewelry exports in 1990 continued their strong upward trend of recent years, still benefiting from the substantial drop in the value of the U.S. dollar from its 1985 peak. Precious metal jewelry exports increased to an estimated $455 million (10.5 percent of product shipments), up 8 percent from $422 million in 1989, while costume jewelry exports jumped an estimated 20 percent from $91 to $110 million (7.6 percent of product shipments).

Developed countries are the leading export markets for jewelry. Japan and Switzerland are by far the largest markets



for precious metal jewelry, together accounting for more than half of these U.S. exports. The leading export markets for costume jewelry are Japan, Canada, and the United Kingdom.

U.S. imports of precious metal jewelry decreased an estimated 2 percent to $2.5 billion in 1990. The decline reflected the weakening outlook for domestic jewelry sales. The major suppliers were Italy, Hong Kong, and Thailand. Costume jewelry imports rose an estimated 3 percent to $525 million. The leading suppliers were South Korea and Taiwan.

Outlook for 1991

The constant dollar value of domestic shipments of precious metal jewelry is expected to decline 3 percent during the year, while costume jewelry shipments are expected to fall 1 percent. The decline is related to slowing economic growth and the expected 0.5 percent drop in personal consumption expenditures for durable goods as consumers strive to reduce debt and increase savings. Since jewelry is a highly deferrable expenditure, sales could drop even further, depending on the extent of the economic slowdown.

Long-Term Prospects

While the short-term outlook for the jewelry industry is poor, the long-term prospects are favorable. Between 1990 and 1995, product shipments in constant dollars are projected to increase at a compound rate of 1.5 percent annually for precious metal jewelry and 1.0 percent for costume jewelry. Demographics and foreign trade are the most important factors pointing to such long-term growth.

In the demographic arena, the bulk of the baby boom generation is now middle aged and approaching their highest income years. Their homes have already been purchased, leaving substantial discretionary income. As they age, their disposable incomes will increase even further, fueling purchases of high-quality, luxury products such as jewelry.

In addition, the number of female workers is likely to increase about 1.5 percent annually over the next five years from 56.7 million to 61 million, while the number of male workers will grow only about 0.8 percent per year from 68.3 million to 71.1 million. Since working women are major purchasers of jewelry, they will be responsible for a growing share of future jewelry sales.

Export opportunities should improve if uniform gold standards are adopted by the EC. They will be enhanced by the elimination of a number of tariff restrictions. Under the U.S.-Canada Free Trade Agreement, Canadian tariffs continue to decline, and will be eliminated by 1998. Some developing countries, including Argentina, Brazil, and Venezuela, have begun to reduce import restrictions unilaterally. Finally, the conclusion of negotiations in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) could reduce or remove other foreign trade barriers.—*John M. Harris, Office of Consumer Goods, (202) 377-1178, September 1990.*

Additional References

(Call the Bureau of the Census at 301-763-4100 for information about how to order Census documents.)

Jewelry, Silverware, and Plated Ware, 1987 Census of Manufactures, MC87-1-39A. Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-7304.

Office Supplies, Costume Jewelry and Notions, 1987 Census of Manufactures, MC87-1-39C. Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-7304.

Jeweler's Circular-Keystone, Chilton Company, Chilton Way, Radnor, PA 19089. Telephone: (215) 964-4000.

Modern Jewelers, Vance Publishing Corporation, 400 Knightsbridge Parkway, Lincolnshire, IL 60060. Telephone: (913) 451-2200.

National Jeweler, Gralla Publications, 1515 Broadway, New York, NY 10036. Telephone: (212) 869-1300.

MUSICAL INSTRUMENTS

Shipments of the U.S. musical instruments industry declined in 1990. In constant dollars, shipments fell 3 percent. The value of product shipments for school band and orchestral instruments, as well as for percussion instruments, was stable, while organs and grand pianos declined during this period. However, shipments of fretted instruments grew slightly. Slow growth in real disposable income and uncertainty regarding the economy contributed to the decline in the industry.

Factors Affecting the Industry

Demand for fretted instruments, particularly acoustic guitars, continued to increase throughout 1990. This rise in demand was partially due to the influence on youth of musical television (MTV), which features big name stars

Trends and Forecasts: Musical Instruments (SIC 3931)
(In millions of dollars except as noted)

Item	1987	1988[1]	1989[2]	1990[2]	1991[3]	Percent Change 1987–88	1988–89	1989–90	1990–91
Industry Data									
Value of shipments[4]	[illegible]	807	794	786	—	−0.9	−1.6	−1.0	—
Value of shipments (1987$)	[illegible]	777	730	694	693	−4.5	−6.0	−4.9	−0.1
Total employment (000)	[illegible]	11.3	11.3	11.0	—	−7.4	0.0	−2.7	—
Production workers (000)	[illegible]	[illegible]	8.7	8.4	—	−8.3	−1.1	−3.4	—
Average hourly earnings ($)	[illegible]	[illegible]	8.77	9.03	—	6.8	4.0	3.0	—
Capital expenditures	13.0	[illegible]	—	—	—	68.3	—	—	—
Product Data									
Value of shipments[5]	781	[illegible]	775	767	—	1.2	−1.9	−1.0	—
Value of shipments (1987$)	781	761	700.0	665.0	636	−2.6	−8.0	−5.1	−2.0

[1] Advance data from the 1988 Annual Survey of Manufactures.

[2] Estimate.

[3] Forecast.

[4] Value of all products and services sold by establishments in the musical instruments industry.

[5] Value of products classified in the musical instruments industry produced by all industries.

SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.

Bureau also projects a compound annual growth rate of less than 1 percent for the number of children between 5 and 10 years of age, with an increase of nearly 22.6 million. Parents of these children are the major purchasers of pianos. However, decreases in real personal disposable income coupled with any increase in interest rates could offset growth potential for this industry.

The political and economic changes in Eastern Europe and the opening up of this large market could give a boost to the music industry. Domestic manufacturers of musical instruments may have opportunities to establish joint ventures or to expand exports to Eastern Europe.—*Judith Corea, Office of Consumer Goods, (202)377-0311, September 1990.*

Additional References

(Call the Bureau of the Census at 301-763-4100 for information about how to order Census documents.)

Musical Instruments, 1987 Census of Manufacturers, MC87-1-39B, Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-2412.

Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080, Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-1902.

Producer Price Indexes, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC 20221. Telephone: (202) 523-1327.

The Music Trades, Music Trade Corporation, 80 West Street, P.O. Box 432, Englewood, New Jersey 07631. Telephone: (201) 871-1965.

Up Beat, Maher Publications, Inc., 180 West Park Avenue, Elmhurst, IL 60126. Telephone: (312) 580-7798.

American Music Conference Statistical Report, 1989, American Music Conference, 150 East Huron Street, Chicago, IL 60611. Telephone: (312)856-8820.

DOLLS, TOYS, GAMES, AND CHILDREN'S VEHICLES

In 1990 industry shipments of dolls, toys, and games fell an estimated 0.9 percent to $4.2 billion. The constant-dollar value of doll shipments fell 3.5 percent, while shipments of toys and games dropped an estimated 4.2 percent.

The lack of a hit toy product and the continued success of video games negatively affected U.S. toy and game shipments in 1990. According to industry sources, demand has shifted away from traditional toys to video games and other nontraditional toys. Since virtually all video games are imported, the growth in that category has hurt U.S. producers' shipments, which are mostly of traditional toys.

In 1990, electronic video games were the top selling toy and game category, continuing its rebound that started around 1985. About one-fourth of the more than 90 million households in the United States own a video game. Retail sales in this segment of the industry exceeded $4 billion in 1989 and in 1990 home video game sales were estimated to reach $5 billion. Three firms dominate the market, with one firm accounting for 80 to 90 percent of all video game sales.

During the past year, sales of some traditional toy lines, such as preschool toys, board games, and puzzles declined. Contributing to the decline was the slowed growth in the number of children between the ages of 1 and 9, as well as slow personal disposable income growth. Between 1989 and 1990, children in this age group rose 0.49 percent, compared with growth of 0.84 percent for the total popu-

Trends and Forecasts: Dolls, Toys, and Games (SIC 3942,3944)

(In millions of dollars except as noted)

Item	1987	1988[1]	1989[2]	1990[2]	1991[3]	Percent Change 1987–88	1988–89	1989–90	1990–91
Industry Data									
Value of shipments[4]	3,675	4,248	4,235	4,198	—	15.5	−0.3	−0.9	—
3942 Dolls and stuffed toys	294	272	269	266	—	−7.5	−1.1	−1.1	—
3944 Games & toys	3,381	3,974	3,966	3,932	—	17.5	−0.2	−0.9	—
Value of shipments (1987$)	3,675	4,105	3,906	3,744	3,669	11.7	−4.8	−4.1	−2.0
3942 Dolls and stuffed toys	294	265	258	249	244	−9.9	−2.8	−3.5	−2.0
3944 Games & toys	3,381	3,840	3,648	3,495	3,425	13.6	−5.0	−4.2	−2.0
Total employment (000)	35.3	38.4	38.0	37.3	—	8.8	−1.0	−1.8	—
3942 Dolls and stuffed toys	4.4	3.9	4.2	4.1	—	−11.4	7.7	−2.4	—
3944 Games & toys	30.9	34.5	33.8	33.2	—	11.7	−2.0	−1.8	—
Production workers (000)	27.0	30.0	29.0	27.7	—	11.1	−3.3	−4.5	—
3942 Dolls and stuffed toys	3.3	3.1	3.0	3.0	—	−6.1	−3.2	0.0	—
3944 Games & toys	23.7	26.9	26.0	24.7	—	13.5	−3.3	−5.0	—
Average hourly earnings ($)	7.14	7.24	7.61	8.00	—	1.4	5.1	5.1	—
3942 Dolls and stuffed toys	5.44	5.80	6.10	6.40	—	6.6	5.2	4.9	—
3944 Games & toys	7.35	7.40	7.77	8.15	—	0.7	5.0	4.9	—
Capital expenditures	98.6	98.8	—	—	—	0.2	—	—	—
3942 Dolls and stuffed toys	4.4	2.3	—	—	—	−47.7	—	—	—
3944 Games & toys	94.2	96.5	—	—	—	2.4	—	—	—
Product Data									
Value of shipments[5]	3,302	3,784	3,764	3,730	—	14.6	−0.5	−0.9	—
3942 Dolls and stuffed toys	305	334	329	325	—	9.5	−1.5	−1.2	—
3944 Games & toys	2,997	3,450	3,436	3,405	—	15.1	−0.4	−0.9	—
Value of shipments (1987$)	3,302	3,661	3,485	3,341	3,274	10.9	−4.8	−4.1	−2.0
3942 Dolls and stuffed toys	305	324	315	304	298	6.2	−2.8	−3.5	−2.0
3944 Games & toys	2,997	3,337	3,170	3,037	2,976	11.3	−5.0	−4.2	−2.0

[1] Advance data from the 1988 Annual Survey of Manufactures.

[2] Estimate.

[3] Forecast.

[4] Value of all products and services sold by establishments in the dolls, toys, and games industry.

[5] Value of products classified in the dolls, toys, and games industry produced by all industries.

SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration (ITA). Estimates and forecasts by ITA.

lation. The low growth for the number of children in this age group combined with consumer uncertainty and slow personal disposable income growth may have contributed to the decline in shipments.

Unlike most toys, preschool toys, puzzles, and board games are not seasonal and are purchased throughout the year. The two-income, higher-educated parents, who are older and wealthier than previous generations, are interested in the more basic, traditional toys that are safe and have more educational and play value. Moreover, couples today have smaller families than their counterparts a generation ago. As a result, more dollars are spent on each child. These factors have slowed the decline in shipments in this segment of the industry to some extent.

Production of vinyl, collectable dolls has increased over the past year. These dolls are more affordable than dolls made of porcelain. Collectible dolls are also less susceptible to fluctuations in the overall economy than are other dolls and stuffed toys, which are mostly imported. Therefore, the greater share of these dolls in U.S. product shipments has lessened the decline in this segment of the industry to some extent.

Total employment in the dolls, toys, and games industry declined an estimated 2 percent to 37,300 employees in 1990, while employment of production workers fell an estimated 4.5 percent to about 27,000 workers. The decline is attributed to strong import competition and the continued movement of domestic manufacturers to off-shore production sites, especially in the Far East. This downward trend is expected to continue. Average hourly earnings for production workers in this industry remained low relative to other industries, but increased by 5 percent to $8.00, from $7.61 in 1989.

INTERNATIONAL COMPETITIVENESS

U.S. demand for dolls, toys, and games is increasingly being met by imports, particularly from the Far East. In 1990, the ratio of imports to apparent consumption of dolls was estimated at about 89 percent and for toys, 65 percent. These ratios increased from the previous year when the levels were 84 percent and 58 percent, respectively.

The increase in imports was led by video game systems and parts that rose an estimated 27 percent. Japan was the major supplying country of video games, accounting for over 90 percent of total imports. In 1990, U.S. imports of dolls increased to $1.8 billion, up an estimated 25 percent from 1989. The increase was attributed to rising demand in the U.S. market for fashion dolls and stuffed dolls and animals. Toys and games also showed growth, increasing to $5.8 billion, up 40 percent for the same period. China and Taiwan were major suppliers of nonelectronic toys and games, accounting for an estimated 28 percent of such imports. Nearly all major American producers operate facilities in Hong Kong, South Korea, and Taiwan, enabling them to take advantage of the lower labor rates. Besides owning production facilities in these countries, many U.S. producers have contracting and licensing agreements with foreign producers.

In 1990, President Bush announced an extension of most favored nation (MFN) status to China. Currently, China provides close to half of all doll imports and about one fifth of all toy and game imports to the United States. Industry perception regarding the future stability of the Chinese economy may lead manufacturers to explore opportunities in other countries, such as Thailand and the Philippines.

Historically, U.S. exports have comprised a relatively small percentage of the total value of U.S. product shipments of dolls, toys, and games. However, in 1990, U.S. exports rose to 14 percent of product shipments, from 6.9 percent in 1986. Exports of toys rose for the fifth consecutive year, advancing an estimated 44 percent in 1990 to $475 million. During this period, the value of U.S. doll exports dropped an estimated 11 percent to about $48 million. The major markets for these products were Mexico, Canada, and Western Europe. U.S. companies are increasingly exporting parts and accessories of dolls, toys, and games to Mexico for further processing.

Outlook for 1991

In 1991, the real value of U.S. product shipments of dolls, toys, and games is expected to decline 2 percent attributable to slow growth of real personal disposable income and stable demographics. Also, the Bureau of the Census reported that from 1990 to 1991, the number of children between 1 and 9 years of age was expected to grow by only 0.5 percent.

Sales of video games are expected to increase. Companies involved in home video games are continually trying to find ways to expand the market base by targeting different groups such as women, girls, and the preschool population. Traditional toys will continue to interest the parents of children between 1 and 9 years of age.

Long-Term Prospects

Between 1990 and 1995 U.S. shipments of dolls, toys, and games are expected to decline downward by less than 1 percent, compounded annually, due to stable demographics and slow growth in personal disposable income. The Bureau of the Census reports that the number of children under the age of 10 is projected to fall to 36.6 million between 1990 and 1995, down 0.6 percent, compounded annually. However, Census forecasts a compound annual population growth rate of almost 2 percent for children between 10 and 14 years of age, to about 19 million. U.S. imports will continue to account for most sales in the domestic market. The industry will continue to consolidate and diversify, expanding product lines for such items as doll accessories, children's back packs, and children's clothing.

The privatization of Eastern European economies may provide future production sites for major toy manufacturers. Domestic manufacturers of dolls, toys, and games may have opportunities to establish joint ventures in these new markets. The unification of the European Community set for 1992 and the removal of trade barriers between the United States and Canada could provide additional export opportunities for U.S. manufacturers of dolls, toys, and games.—*Judith Corea, Office of Consumer Goods, (202) 377-0311, September 1990.*

Additional References

(Call the Bureau of the Census at 301-763-4100 for information about how to order Census documents.)

Dolls, Toys, & Games, 1987 Census of Manufacturers, MC87-1-39B, Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-2412.

Projections of the Population of the United States, by Age, Sex, and Race: 1988 to 2080, Bureau of the Census, U.S. Department of Commerce, Washington, DC 20233. Telephone: (301) 763-1902.

[illegible]

[illegible]

BICYCLES

[illegible] dollar terms. Shipments of bicycles and parts [illegible] an estimated [illegible] percent in 1990, due in large [illegible] to an estimated [illegible] percent increase in imports. Exports grew an estimated [illegible] percent in 1990. The domestic market was relatively flat, reflecting a slowdown in the overall economy.

In 1990, the domestic market experienced relatively soft demand reflecting the economy's slower growth rate. Real disposable income grew an estimated [illegible] percent during the first 6 months of 1990 down from 2.4 percent growth in 1989. The weak growth in personal income coupled with an increase in personal savings, resulting in an estimated 4 percent increase of the saving to personal income ratio for the first 6 months of 1990. With little growth available for personal consumption expenditures, real expenditures on bicycles were virtually unchanged in the first 6 months of 1990.

[illegible] second most popular sporting [illegible] according to the National Sporting [illegible] attracted [illegible] million [illegible] in 1989, bringing the total number of bikers to [illegible]. The [illegible] increased over the past several [illegible] attention by the media and the [illegible].

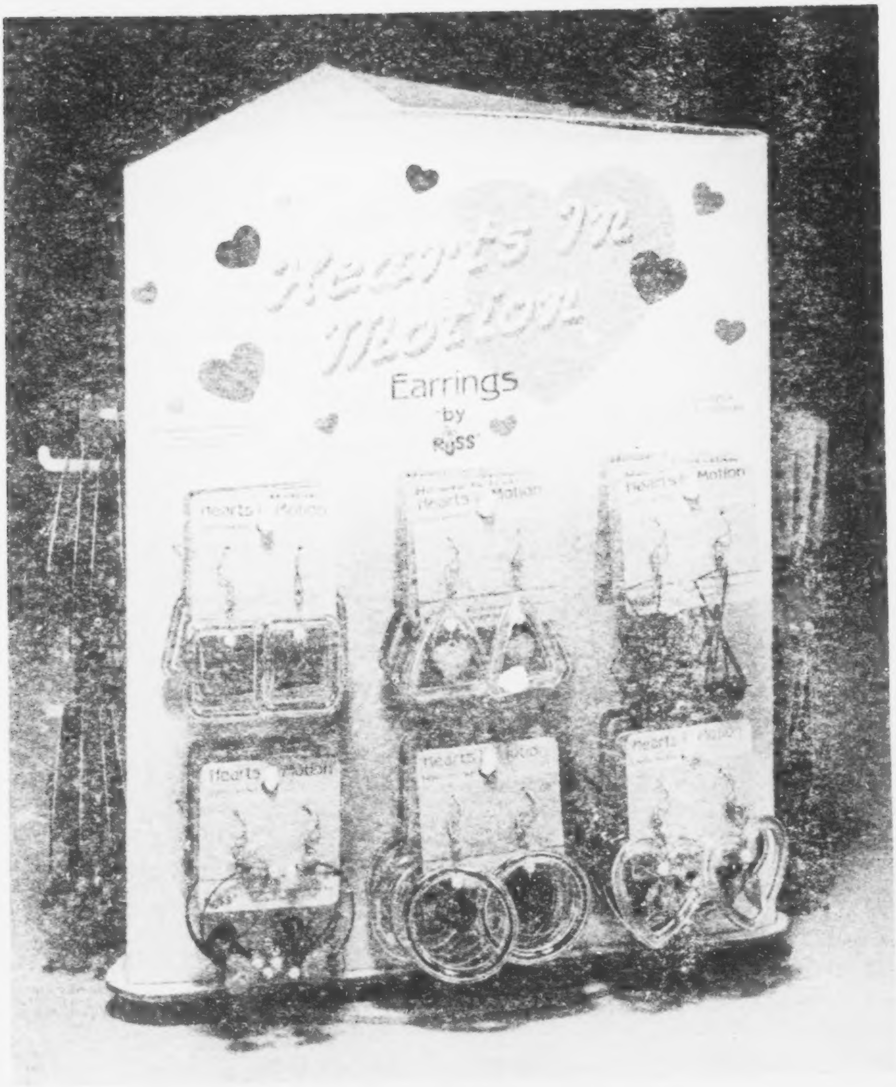
[illegible] in the United States are undergoing significant changes. From the 1970s until the last few years, lightweight [illegible] bicycles with thin tires and curved handlebars dominated the consumer market, accounting for [illegible] percent of the market in 1979, and averaging approximately 50 percent from [illegible]-1987. Children's bicycles and the "other bicycles" category averaged [illegible] percent and 10 percent, respectively. However, mountain bikes and all-terrain bicycles (ATBs), both in the "other bicycles" category, have grown in popularity since 1987, cutting into the sales of lightweight and children's bikes. In 1989, the "other bicycles" category accounted for [illegible] percent while the children's bike category and the lightweight bicycle category accounted for [illegible] percent and 32 percent of the domestic market, respectively, according to the Bicycle Manufacturers Association of America (BMA).

STRETCH'EMS
MESSAGE
BRACELETS
DO IT
NO WAY
STYLIN'

RUSS®

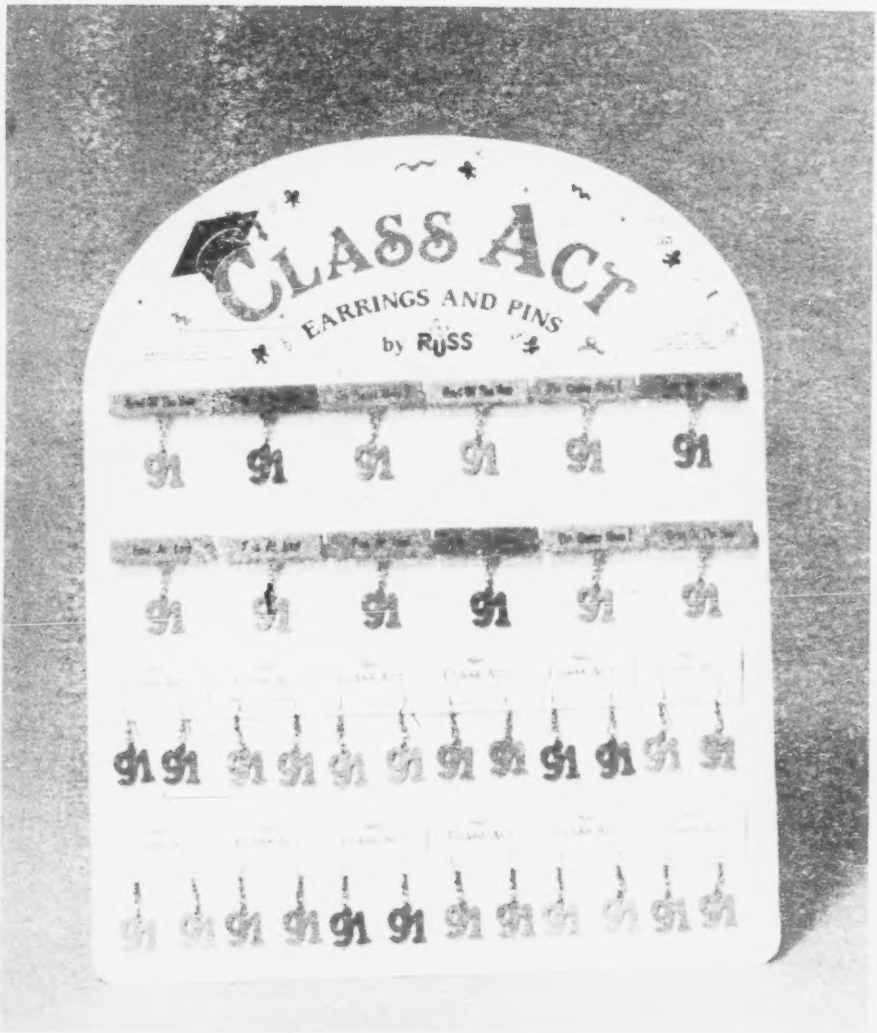
#13006 STRETCH'EMS MESSAGE BRACELETS
12 dozen asst., 6 colors, 12 messages, w/disp.
Size: 3 1/2"(l) x 1/2"(w)
Disp.: 6 1/2"(h) x 6"(dia.)
Cost: $36/deal, Sugg. Retail $ .50

Messages:
Stylin'
Totally Awesome
Do It
Fresh
Way Cool
Bust A Move
Most Excellent
Party On Dude
Wild Thing
No Way!
Rad
Chill


Hearts 'n Motion
Earrings
by
Russ
Hearts 'n Motion

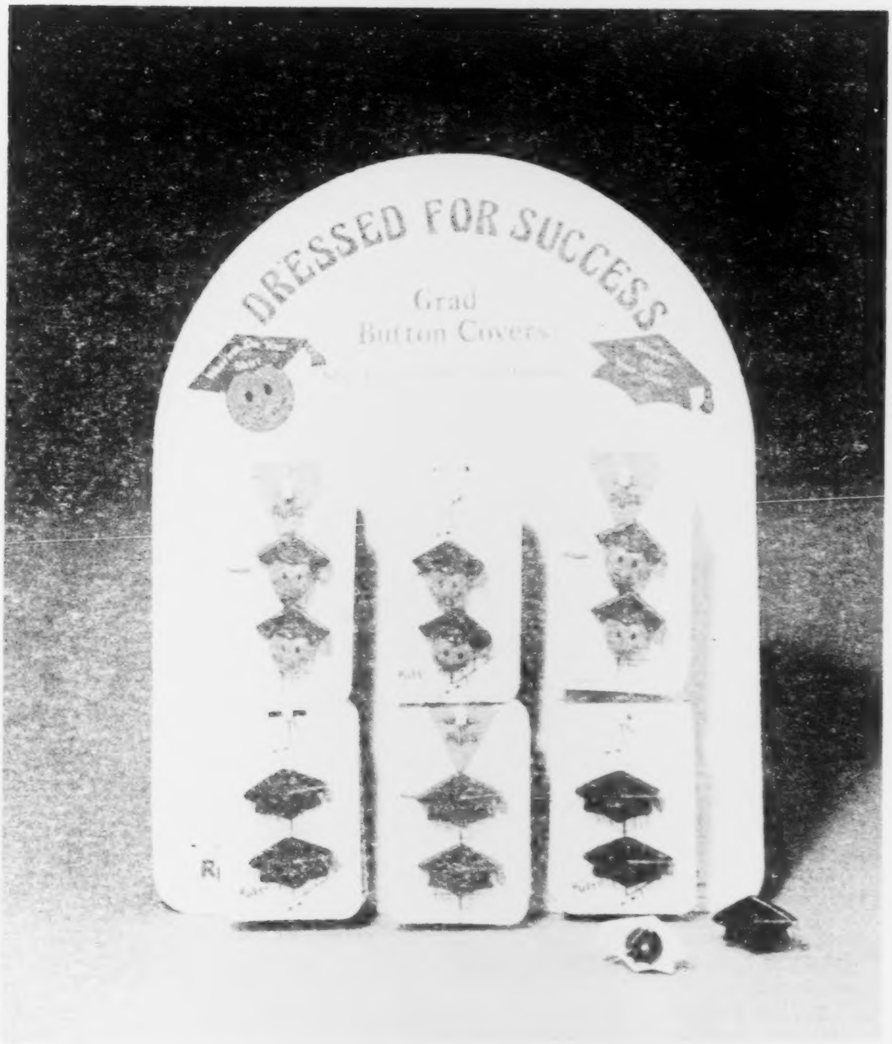
Russ®

#6264 HEARTS IN MOTION EARRINGS
6 dz. asst., 3 designs, 4 colors, w/display
Size: 2" - 2 5/8", Disp.: 12"(h) x 11"(dia.)
Cost: $108/deal; Suggested Retail: $3.00
g

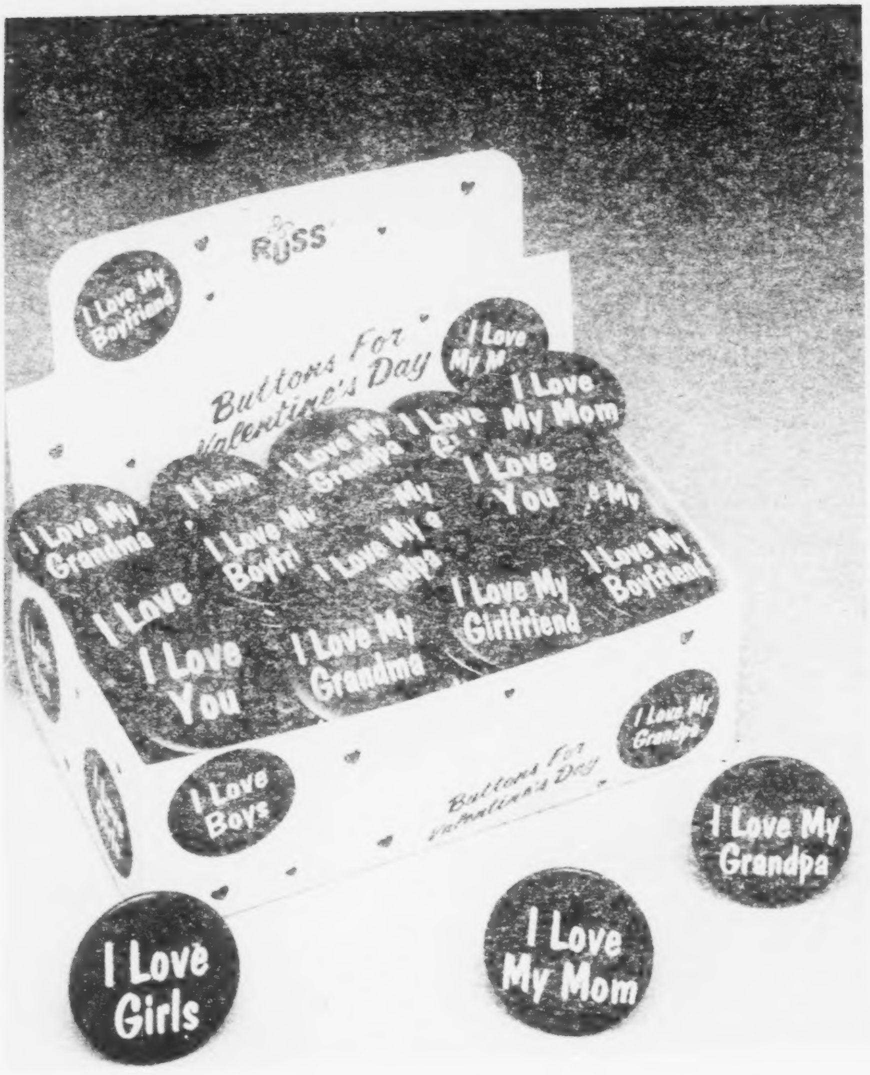

CLASS ACT
EARRINGS AND PINS
by RUSS
91

#19552 "CLASS ACT" EARRINGS AND PINS
3 dozen asst., 4 colors, w/display
Size: Earrings, 1 3/4"(l)
Pins, 1 3/4"(l)
Disp.: 14"(h) x 12 3/4"(w)
Cost: $45/deal
g

Asst. Includes:
2dz. Earrings, S.R. $3.00
1dz. Pins, 4pcs. each of 3 messages, S.R. $1.50


DRESSED FOR SUCCESS
Grad
Button Covers

Russ® **#6402 DRESSED FOR SUCCESS SCULPTSTONE™ BUTTON COVERS**
9 pairs each of 4 styles, w/display
Size: 1"(fits up to 1/2"dia. buttons)
Disp.: 10 1/2"(h) x 9 1/2"(w) x 4"(d)
Cost: $54/deal; Sugg. Retail: $3.00/pair
g


RUSS
Buttons For Valentine's Day
I Love My Boyfriend
I Love My Grandma
I Love You
I Love Boys
I Love Girls
I Love My Mom
I Love My Grandpa
I Love My Girlfriend

RUSS®

#89 VALENTINE BUTTONS
8 dozen assortment, w/display, 9 designs
Size: 2", Disp.: 9"(l) x 5"(w) x 7 1/2"(h)
Cost: $43.20/deal; Sugg. Retail: $ .90
●

H.R. 1878

To suspend until January 1, 1995, the duty on porcelain ornaments

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AVON PRODUCTS, INC.
9 WEST 57TH STREET
NEW YORK, N.Y. 10019

W. THOMAS KNIGHT
SENIOR VICE PRESIDENT AND GENERAL COUNSEL

TELEPHONE
(212) 546-8604

May 29, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Longworth House Office Building, Room 1102
Washington, DC 20515

RE: H.R. 1878, DUTY SUSPENSION ON PORCELAIN ORNAMENTS

Dear Mr. Leonard:

Avon Products, Inc. (Avon) strongly supports H.R. 1878, a temporary duty suspension on porcelain ornaments.

With worldwide sales of $3.45 billion, Avon is the world's leading beauty company. The Avon brand is sold directly to customers by independent sales representatives. In addition, Avon's prestige fragrances of Giorgio Beverly Hills are sold through department stores.

Avon's beauty products are marketed in over 100 countries. The company employs more than 30,000 people and has a worldwide sales organization of more than 1.5 million representatives, of which 445,000 are in the United States.

The current general rate of duty for procelain ornmanets is 9.0% ad valorem. Although the duties Avon pays every year are substantial from the company's point of view, they are negligible as a source of federal revenues.

The Harmonized Tariff Schedule of the United States lists these articles (HTS subheadings 6913.10.50, formerly TSUS item 534.94) as duty-free under the Generalized System of Preferences, the Caribbean Basin Initiative and the U.S.-Israel Free Trade Agreement, and at a lower duty rate under the U.S.-Canada Free Trade Agreement. In 1990 total imports were $27 million of which 17% were entered duty-free into U.S. commerce -- a clear indication that duty-free importation of porcelain ornament products poses no significant adverse impact for possible domestic production.

The suspension of these duties is unlikely to have an adverse impact on domestic producers of porcelain ornaments. Domestic industry analysts at the various executive agencies are not aware of any significant U.S. manufacturers *of these products. The products of the existing domestic porcelain ornament industry do not compete with the products Avon imports.*

Avon has a long-standing relationship with suppliers of these products from countries that do not enjoy duty-free treatment. To date, Avon's efforts to find duty-free sources for these products were unsuccessful, the reason being difficulties in locating suppliers in these countries who could meet Avon's combined requirements of pricing, delivery schedules and volume. The current situation is adverse to the U.S. importers and to American consumers and does not help any significant domestic industry.

In conclusion, Avon supports the duty suspension for porcelain oranments and respectfully requests the support of the Committee on Ways and Means to pass H.R. 1878. We respectfully request the incorporation of our submission in its entirety into the record.

Sincerely,

W. Thomas Knight

WTK/ms

Serko & Simon
Counsellors at Law
Customs & International Trade Law

One World Trade Center . Suite 3371
New York, N. Y. 10048 . 212-775-0055
Telex: 426816 Trade   Cable: Trade Attys
Facsimile: 212-839-9103

Branch Offices:

Washington, D.C.
Atlanta, Georgia
Old San Juan, P.R.
Taipei, Taiwan

New York - June 11, 1991

Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth Office Building
Washington, D.C. 20515

Attention: Robert J. Leonard, Esq.
Chief Counsel

Regarding: H.R. 1878 to Suspend Temporarily the Duty on Porcelain Ornaments

Dear Mr. Leonard:

This statement is submitted by Joel K. Simon, Esq. of the New York Customs and International Trade Law firm of Serko & Simon, One World Trade Center, Suite 3371, New York, New York 10048. Telephone number (212) 775-0055. On behalf of our client, Russ Berrie & Company, Inc., we respectfully submit this statement in support of H.R. 1878, a bill to suspend temporarily the duty on imported porcelain ornaments, introduced by Congresswoman Barbara B. Kennelly.

This bill would temporarily suspend the duty on porcelain ornaments which are currently classified under the Harmonized Tariff Schedule of the United States (HTSUS) in subheading 6913.10.50, dutiable at the rate of 9% ad-valorem.

Russ Berrie & Company, Inc. designs and markets a vast selection of impulse gifts to retail stores in the United States and many countries throughout the world. The Company's extensive line of over 10,000 products encompasses both everyday and seasonal gift items, including stuffed animals, ceramic mugs, porcelain gifts, picture frames, gift bags, greeting cards, imitation jewelry, figurines, keyrings, magnets, school and stationery merchandise, trolls, collectible dolls and National Football League and Major League Baseball merchandise. These popularly priced products are manufactured for the Company by independent contractors.

The Company employs approximately 2600 men and women worldwide, including a house sales force that numbered more than 800 at the beginning of 1991. A diverse customer base includes more than 100,000 retail outlets such as card and gift stores, florists, pharmacies, party shops and stationery stores, as well as hotel, airport and hospital gift shops. Six distribution centers in the United States in Oakland, NJ, Cranbury, NJ, Marietta, GA, Grand Prairie, TX, Petaluma, CA, and Reynoldsburg, OH, plus one in Canada and another in England, provide strategically located regional facilities to serve customers.

Russ Berrie had 400 employees in this country in 1980 and sales exceeded $34,440,000. The net sales for the year ending December 31, 1990 was $250,579,000. The Company believes that price stability is important for future growth and profitability.

Russ Berrie's primary source for porcelain ornaments is China, the Philippines and Taiwan.

Russ Berrie's ornamental ceramic articles are considered to be impulse novelty and souvenir types of items. They are not the kind of household articles which are used for preparing, serving or storing food or beverages.

Many of the consumers purchasing these items are children. They are purchased as gifts to their parents, grandparents, teachers, friends, etc. These ornamental articles include items such as bells, bric-a-brac, vases, statuettes, candleholders, wall plaques, etc. (see enclosed photographs).

Research was conducted at the Bureau of Census of the Department of Commerce to obtain import and domestic information on the production of ornamental porcelain articles.

U.S. Government and private industry reports were reviewed to determine if there was any information for these specific articles. The reports were so broad in scope that we were unable to locate any meaningful employment, production or import statistics for ornamental porcelain articles.

The 1989 United States Department of Commerce statistics, IM 146, for the importation of ornamental porcelain articles show that the major producers of the articles classified under HTSUS item 6913.10.50 are Japan, Mexico, China, Sri Lanka, and Taiwan. Many other developing countries have ceramic industries which would benefit from the bill to suspend temporarily the duty on porcelain ornaments.

These statistics show that the total value of porcelain ornaments exported to the United States from these countries for 1989 and 1990 are as follows:

HTSUS 6913.10.50
Porcelain Ornaments
IM 146 Statistics
1989 and 1990

Dollar Value

U.S. IMPORTS	1989	1990
Mexico	$ 5,071,363	$ 5,433,715
Sri Lanka	4,565,378	8,250,687
China	20,347,010	25,834,155
Taiwan	75,006,132	62,638,252
Japan	18,342,678	15,542,644
Total	$123,332,561	$117,699,453
Total All Countries	$157,951,840	$161,725,433

For the United States, the legislation would have only positive trade policy implications. The bill granting temporary duty suspension does not decrease U.S. employment, nor does it affect the trade deficit and certainly has no significance on U.S. production.

The proposed legislation will help our client maintain a low price and promote the sale of these porcelain ornaments. By this means, our client will continue to expand the number of jobs in the sales and distribution sectors. The ability to maintain or lower the price of these ornaments would be anti-inflationary.

The benefit to the United States includes increased jobs in the sales and distribution sector of the economy. The temporary duty suspension will have a positive effect, since these items are often a gift item or souvenir sold in a variety of retail outlets which are purchased by American and foreign visitors to this country. The suspension of duty will also reduce the costs of porcelain ornaments to the consumer.

We believe that there is little, if any, production of these ornaments in the United States, since the wide variety of items and small production runs do not allow for the large production runs needed by American manufacturers.

Many tariff items in the past had duty rates reduced through staged reductions. The current duty rate for porcelain ornaments under HTSUS subheading 6913.10.50 is 9% ad valorem which is considerably higher than what we believe to be the average duty rate of approximately 5% for all importations.

We believe that the American consumer and economy will greatly benefit by favorable recommendation of this bill to suspend temporarily the duty on porcelain ornaments under HTSUS subheading 6913.10.50/-9902.69.13.

We respectfully request an opportunity to appear at any scheduled hearings for H.R. 1878.

For the foregoing reasons and the continued growth of Russ Berrie's business and its increasing number of American employees, we strongly urge a favorable consideration of H.R. 1878, a bill for the temporary suspension of the duty on porcelain ornaments.

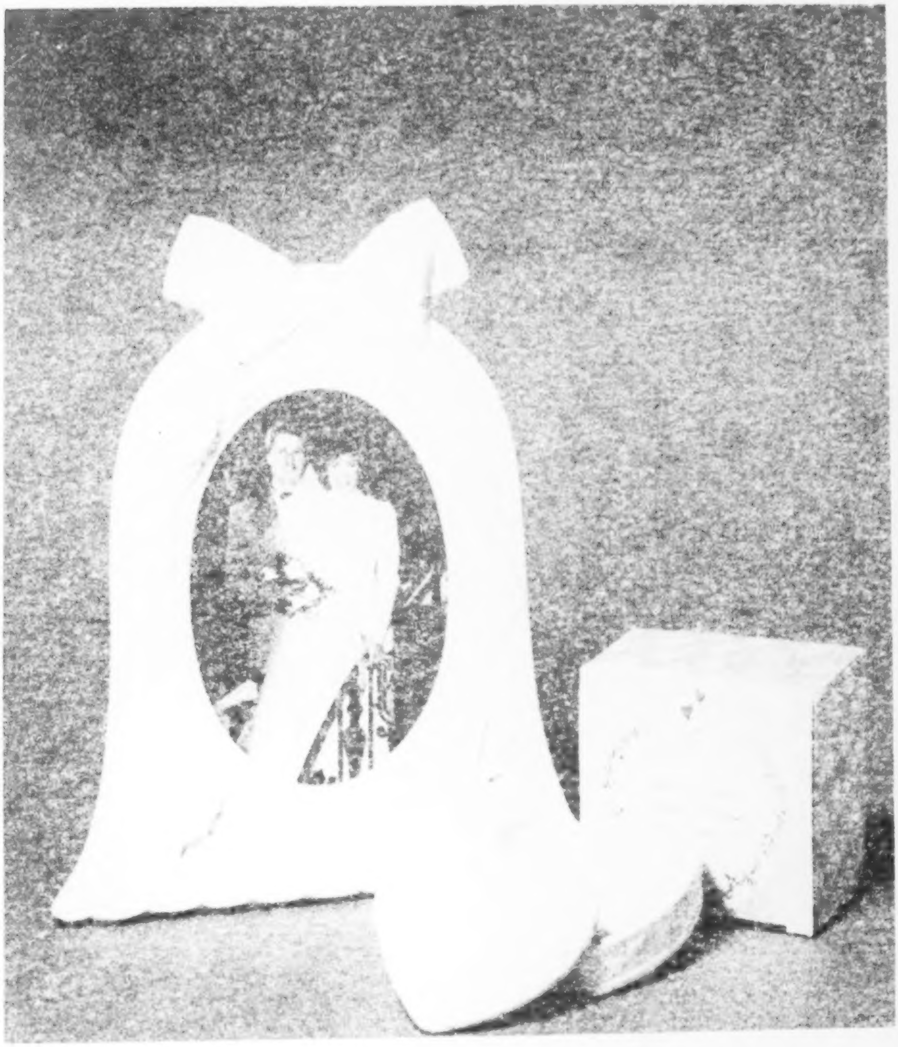
Sincerely,

SERKO & SIMON

Joel K. Simon

Joel K. Simon

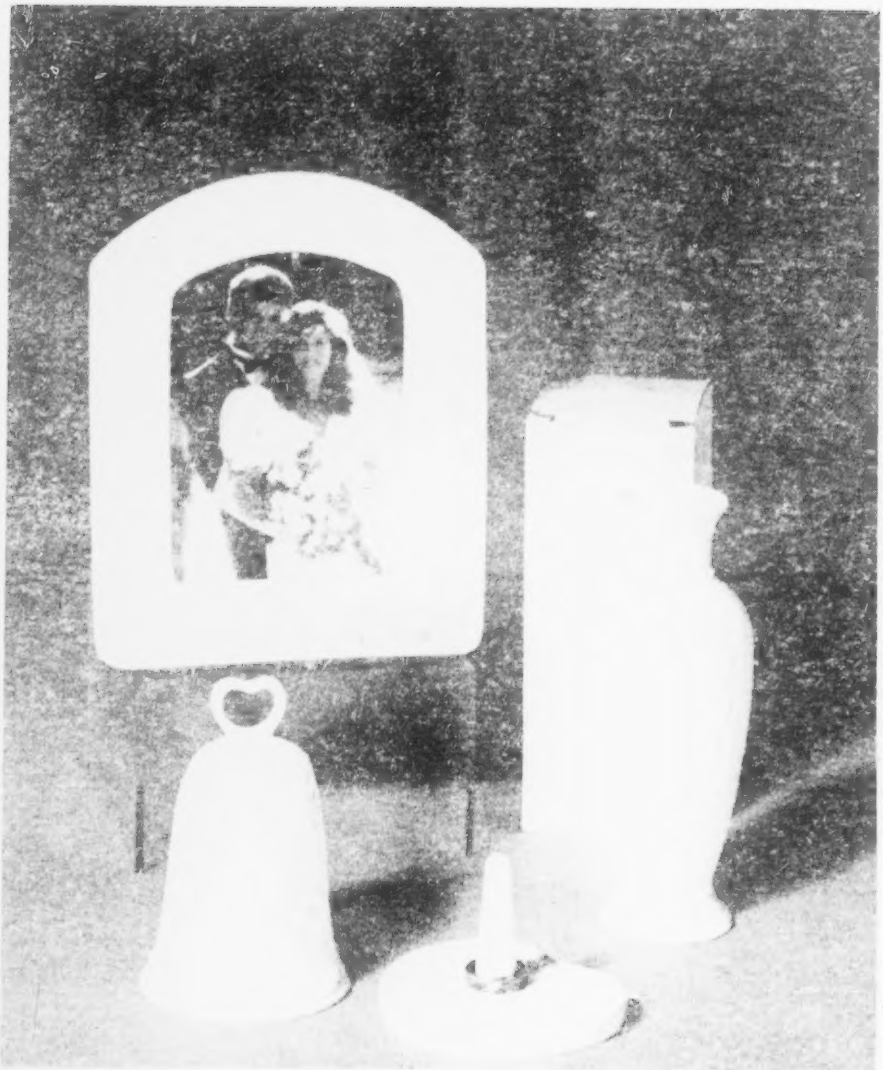
JKS/js
Enclosures



WHITE LACE & PROMISES

RUSS® #15953 PORCELAIN PHOTO FRAME
Size: 11" x 9"
Holds 5" x 7" photo, gift boxed
Cost: $150/dz.; Sugg. Retail: $25.00
g

#15954 PORCELAIN TRINKET BOX
Size: 4"(h) x 3 1/2"(w) x 1"(d), gift boxed
Cost: $48/dz.; Sugg. Retail: $8.00



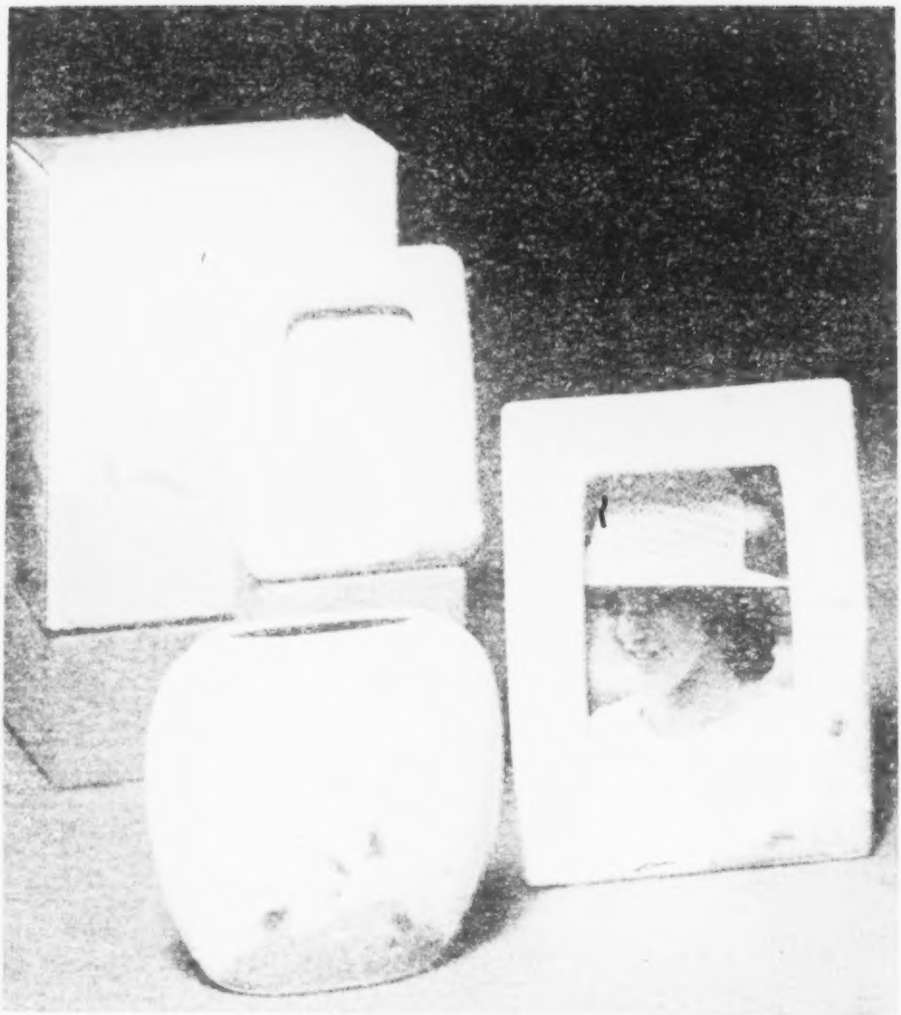
WEDDING MEMORIES ENSEMBLE

#25256 Porcelain Ring Holder
Size: 2 1/4"(h) x 3 1/4"(w), gift boxed
Sugg. Retail: $7.50

#25258 Porcelain Frame
Size: 7 1/4"(h) x 5 3/4"(w)
Holds: 3" x 5" photo, gift boxed
Sugg. Retail: $14.00

#25257 Porcelain Dinner Bell
Size: 4 1/2"(h) x 2 3/4"(dia.), gift boxed
Sugg. Retail: $9.50

#25259 Porcelain Vase
Size: 6"(h), gift boxed
Sugg. Retail: $10.00
g

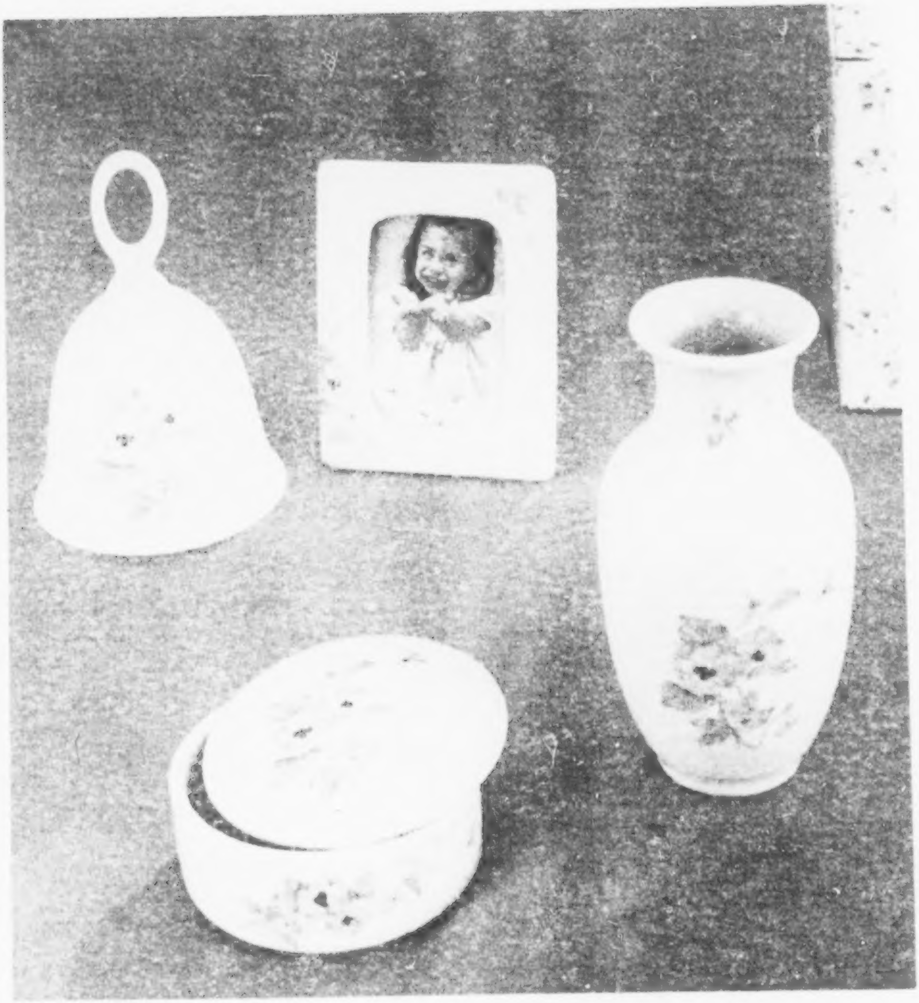


CALLA LILY PORCELAIN

#5025 SMALL FRAME
Size: Holds 2" x 3" photo
Cost: $42/dz, Suggested Retail: $7.00

#5026 LARGE FRAME
Size: Holds 3½" x 5" photo
Cost: $66/dz; Suggested Retail: $11.00

#5024 PILLOW VASE
Size: 4¼"
Cost: $48/dz; Suggested Retail: $8.00



Bouquet of Love

#4931 Dinner Bell
Cost: $39/dozen, Size: 5"
Suggested Retail: $6.50

#4932 Round Trinket Box
Cost: $36/dozen, Size: 3½"
Suggested Retail: $6.00

#4933 Photo Frame
Cost: $36/dozen, Size: 4" (fits 3x5 photo)
Suggested Retail: $6.00

#4934 Bud Vase (curved)
Cost: $39/dozen, Size: 5"
Suggested Retail: $6.50

RUSS' **#4929 PORCELAIN HURRICANE LAMPS**
4 pieces each of 3 styles
Size 4"
Cost $45/deal Suggested Retail $7.50

H.R. 1881

To suspend until January 1, 1995, the duty on vigabatrin, nitrazepam, and clobazam

No comments submitted.

H.R. 1884

To amend the Harmonized Tariff Schedule of the United States to extend the suspension of the duties on certain bicycle parts, and for other purposes

STATEMENT OF THE
BICYCLE MANUFACTURERS ASSOCIATION OF AMERICA, INC.
IN SUPPORT OF
H.R. 1884

This statement is submitted on behalf of the Bicycle Manufacturers Association of America, Inc. ("BMA"), a nonprofit, voluntary trade association of companies that produce more than 80 percent of the bicycles made in the United States. The three bicycle manufacturer members of BMA are Huffy Corporation, Murray Ohio Manufacturing Company, and Roadmaster Corporation. BMA also has 16 associate members that manufacture components for bicycles, both abroad and in the United States. A copy of BMA's membership list is attached as Appendix A.

BMA requested the introduction of H.R. 1884, which extends existing temporary duty suspension provisions applicable to certain bicycle parts not manufactured in the United States. In addition, H.R. 1884 would extend the existing prohibition against the manufacture of bicycles in foreign-trade zones.[1/]

BMA believes that the provisions of H.R. 1884 are critical to the continued international competitiveness of the U.S. bicycle industry. Duty suspension is a unique system of tariff reduction that allows U.S. bicycle manufacturers to improve their price competitiveness with imports while maintaining full support for their existing supplier infrastructure. Duties on bicycle parts are not reduced permanently, but only for so long as there is no commercial production of specific components. Periodic renewal of the suspension provisions insures that firms with an interest in resuming domestic production of these components will not be discouraged from doing so by the permanent diminution of tariff protection. Because the suspension provisions give U.S. bicycle manufacturers the benefit of deep tariff cuts on parts not made in the United States, domestic bicycle producers are able to forego the benefits of more modest tariff reductions on all bicycle parts without suffering a decline in cost competitiveness *vis-a-vis* foreign bicycle manufacturers. In short, duty suspension helps domestic bicycle manufacturers without exacting a price from their U.S. parts suppliers.

History of Duty Suspension Legislation

Congress first suspended the duties on certain bicycle parts in 1971. It has subsequently renewed the duty suspension legislation six times -- in 1974, 1977, 1980, 1983, 1988 and 1990[2/] -- each time making changes in the list of eligible components in order to reflect changes in domestic supply. During the seven sessions that it has considered such legislation, Congress recognized that, absent passage of a duty suspension bill, the Tariff Schedule of the United States contained an unfair bias against domestic manufacturers of bicycles. Many imported bicycles were, and continue to be, dutiable at a lower rate than most bicycle parts. This anomaly, if uncorrected by duty suspension legislation, enables foreign bicycle manufacturers to assemble bicycles abroad with foreign bicycle parts and import the complete product (including the component parts) into the United States, subject to the lower duty rate imposed on bicycles. By contrast, domestic

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1/ This provision is also contained in H.R. 1945. BMA supports this bill as well.

2/ Pub. L. 91-689 suspended the duty on certain imported bicycle parts from January 1971 through December 31, 1973. Pub. L. 93-490 extended the duty suspensions through December 31, 1976; Pub L. 95-161, through June 30, 1980; Pub. L. 96-467, through June 30, 1983; Pub. L. 97-446, through June 30, 1986; Pub. L. 100-418, through December 31, 1990; and Pub. L. 101-382, through December 31, 1992.

manufacturers of bicycles must first import certain components necessary to complete the manufacture of a bicycle at the higher duty rates generally imposed on bicycle parts.

Without duty suspension, the Tariff Schedule, in effect, imposes a penalty on the manufacture of bicycles in the United States, where the costs of doing business are already significantly higher. Even the high productivity and efficiency of the United States bicycle industry cannot offset the extremely low wage rates available to bicycle manufacturers in the principal exporting nations. Moreover, foreign producers usually do not have to undertake expenditures for workmen's compensation, occupational safety, pollution control and a vast array of social legislation that increase the cost of doing business in this country.

By suspending the duties on only those bicycle components not manufactured in the United States, Congress was able to eliminate a substantial part of this tariff penalty on U.S. bicycle producers without diminishing the tariff protection received by U.S. firms continuing to produce other types of bicycle parts. The absence of commercial production in the United States remains the central criterion for eligibility for duty suspension. Indeed, on a number of occasions since the inception of bicycle part duty suspension in 1971, individual parts have been deleted from the suspension provisions after a U.S. firm expressed its intention to resume domestic production.

Present Need for Suspension of Duties on Bicycle Parts

The competitiveness of U.S. bicycle manufacturers continues to be dependent upon the suspension of the duties on bicycle parts not manufactured in the United States. Between 1982 and 1987, the U.S. bicycle industry was subjected to an import surge of unprecedented proportions. Between 1975 and 1982, import penetration remained fairly constant at between 16 and 24 percent of apparent domestic consumption. *See* Appendix B. In the recession year of 1982, imported bicycles accounted for 23.1 percent of the U.S. market. With the recovery of demand in 1983, imports rose by almost 74 percent in volume and took fully 30 percent of the market. From there, the trend was only upward: import penetration rose to 41.8 percent in 1984, 49.3 percent in 1984, 57.1 percent in 1986, and 58.5 percent in 1987. Other industries have experienced import penetration rates in excess of these levels, but we are aware of no U.S. industry that has been subjected to such a steep rise in imports' market share within such a short period of time.

Although total market demand during this period was the highest since the "bicycle boom" years of the early 1970s, domestic bicycle manufacturers benefited little from that increase in demand. Between 1983 and 1987, domestic producers' shipments fell by more than one million units, from 6,271,000 bicycles to 5,211,000. This 17 percent decline occurred despite a 40 percent increase in the market during this period. Indeed, domestic shipments in 1987 were only slightly above the depressed shipment levels of 1982, a recession year that was the U.S. industry's (and imports') worst sales year in the modern era.

Fortunately, since 1988, the import surge has moderated, and import penetration fell from 55.0 percent in 1988 to 44.5 percent in 1990. This drop was primarily due to reduced overall demand and to the significant depreciation of the dollar *vis-a-vis* the currency of Taiwan, which accounted for more than 78 percent of U.S. bicycle imports between 1983 and 1987. BMA is optimistic that import penetration will continue to decline in 1991. If recent trends are an indication, however, it is reasonable to expect that other foreign countries will rush in to supply at least some of the void left by Taiwan. In particular, the People's Republic of China has increased its exports of bicycles to the United States from less than 4,000 units in 1985 to over 470,000 units -- almost 10 percent of total imports -- in 1990. China shows clear signs of becoming "the next Taiwan." Not the least of these indicators is the substantial level of investment in the Chinese industry by Taiwanese bicycle companies in search of a new low wage base.

In the face of this intense foreign competition, duty suspension is critically important to the domestic industry's survival. In 1990, the bicycle part duty suspension provision that H.R. 1884 would renew saved U.S. bicycle manufacturers approximately

$17 million in duties. Allocated over six million bicycles produced, this cost reduction amounts to about $2.85 per bicycle. This is a very substantial figure, considering the average selling price of most U.S.-made bicycles (*e.g.*, under $120 retail) and the intensity of price competition in the market; indeed, pennies often determine who makes the sale. It should be noted, however, that duty suspension has its greatest impact on the lightweight and all-terrain bicycle categories because of the use on these bicycles of such duty-suspended (and relatively expensive) components as derailleurs and caliper brakes. Import competition in the lightweight category is especially severe, principally because the duty on lightweights is only 5.5 percent. The all-terrain bicycle segment is the only one to show sustained growth in the past few years. Hence, a failure to renew duty suspension would be devastating to the U.S. bicycle industry.

Duty Suspension is Noncontroversial

Since passage of the first bicycle part duty suspension bill in 1971, the essential criterion for inclusion on the list has been an absence of domestic production. As far as BMA is aware, none of the bicycle parts covered by the temporary tariff provisions renewed by H.R. 1884 is currently produced in the United States, nor is BMA aware of any firm's intention to commence production in the foreseeable future. Hence, imposition of the regular tariff rates would accomplish no purpose other than to raise revenue. While this may be no small virtue in these tight fiscal times, BMA trusts that Congress will continue to put aside these fiscal concerns in favor of continuing to promote the international competitiveness of a U.S. industry that has no alternative but to import a high percentage of the materials used in its production process.

BMA further trusts that the same policy initiative will also prevail over what we understand are the Administration's objections to the large number of pending duty suspension bills. As we understand it, the Administration intends to object, in principle, to all of the pending duty suspension measures on the ground that they represent unilateral tariff concessions to our trading partners, concessions that our trade negotiators believe should only be made on a reciprocal basis in connection with the ongoing Uruguay Round negotiations. BMA certainly agrees that the U.S. negotiators should demand reciprocal concessions, as duty suspension provisions undeniably benefit the export trade of our trading partners. In the final analysis, however, the primary beneficiaries of the bicycle part duty suspension provisions are U.S. bicycle manufacturers and their workers. Regardless of the outcome of the Uruguay Round negotiations, or their timing, therefore, H.R. 1884 should be passed in a timely manner.

The Statutory Prohibition Against Manufacturing Bicycles in Foreign-Trade Zones Should Be Renewed

Section 2 of H.R. 1884 (as well as H.R. 1945, introduced by Congressman Perkins) would renew the existing statutory prohibition against the manufacture of bicycles in foreign-trade zones, other than for export. While there continues to be disagreement within the bicycle industry regarding the need for this prohibition, and while the Commerce Department continues to object to it in principle, BMA sees the provision as accommodating the interests of U.S. bicycle part manufacturers. The "temporary" statutory ban has been renewed without interruption since its initial passage despite the Commerce Department's opposition to it. Accordingly, BMA urges the Subcommittee to approve section 2 of H.R. 1884 (as well as H.R. 1945 in its entirety).

Conclusion

The list of items covered by duty suspension has periodically been modified to take into account the presence or absence of domestic production of the relevant parts. Where there existed a domestic commercial production capability for a particular item, that item would be eliminated from the duty suspension list. Thus, duty suspension has generally been treated as "noncontroversial" legislation, notwithstanding its fundamental importance to the domestic industry.

Duty suspension on bicycle parts reflects the continuation of Congressional concern that U.S. manufacturers -- when necessary -- be able to obtain, free of duty, foreign-made components that are domestically unavailable. BMA urges the Subcommittee to give prompt consideration and expeditious approval to H.R. 1884.

Respectfully submitted,

Michael R Kershow

THOMAS F. SHANNON
MICHAEL R. KERSHOW
Collier, Shannon & Scott
3050 K Street, N.W.
Washington, D.C. 20007
202/342-8400

Counsel to the Bicycle Manufacturers
Association of America, Inc.

APPENDIX A

bma

Bicycle Manufacturers Association of America Inc.
3050 K Street, N.W., Suite 400, Washington, D.C. 20007 (202) 944-9297

BICYCLE MANUFACTURERS ASSOCIATION OF AMERICA, INC.

Manufacturer Members

Huffy Corporation
P.O. Box 1204
Dayton, OH 45401
(513) 866-6251

Murray Ohio Manufacturing Company
219 Franklin Road
Brentwood, TN 37027
(615) 373-6500

Roadmaster Corporation
P.O. Box 344
Olney, IL 62450
(618) 393-2991

Supplier Members

American Cycle Systems, Inc.
245 Eighth Avenue
City of Industry, CA 91746
(818) 961-3942

Excel International Group
328 East Main Street
Barrington, IL 60010
(815) 397-5151

Falcon Cycle-Parts Co., Ltd.
P.O. Box 1-57
Feng Yuan, Taichung, Taiwan, R.O.C.
886-4-5623316

Hunt-Wilde Corporation
2835 Overpass Road
Tampa, FL 33619
(813) 623-2461

Inland Container Corporation
912 Nelbar Street
Middletown, OH 45042
(513) 425-0830

Ohio Rod Products
P.O. Box 416
Versailles, IN 47042
(812) 689-6565

Persons-Majestic Manufacturing Co.
21-31 Hamilton Street
Monroeville, OH 44847
(419) 465-2504

Polygon Industries Corporation
No. 11-1 Kao-sun Li, Yangmei,
Taoyuan 32618, Taiwan, R.O.C.
886-3-4755171

Sate-Lite Manufacturing Company
6220-30 Gross Point Road
Niles, IL 60648
(708) 647-1515

Shimano American Corporation
One Shimano Drive, P.O. Box 19615
Irvine, CA 92713-9615
(714) 951-5003

Sturmey-Archer Limited
Triumph Road
Nottingham NG7 2GL, England
(0602) 420800

Sun Metal Products, Inc.
2156 North Detroit Street
Warsaw, IN 46580
(219) 267-3281

Temple International Unlimited
1825 Fabyan Parkway
West Chicago, IL 60185
(708) 208-0010

Thun, Inc.
P.O. Box 3159
Clarksville, TN 37040
(615) 552-4011

Union Sils, Van De Loo & Company
P.O. Box 1540, D-5758 Frondenberg
Germany
0-23-73-75-31

Wald Manufacturing Company
P.O. Box 10
Maysville, KY 41056
(606) 564-4078

APPENDIX B

THE U.S. BICYCLE MARKET (1975-90)*

Year	Domestic Shipments	Import Shipments	Total Shipments	% Import To Total
1975	5,606,000	1,722,000	7,238,000	23.5%
1976	6,177,000	1,653,000	7,830,000	21.5%
1977	7,484,000	1,884,000	9,368,000	20.1%
1978	7,492,000	1,872,000	9,365,000	20.0%
1979	9,038,000	1,763,000	10,801,000	16.3%
1980	6,942,000	2,048,000	8,990,000	22.8%
1981	6,832,000	2,100,000	8,931,000	23.5%
1982	5,170,000	1,551,000	6,721,000	23.1%
1983	6,271,000	2,693,000	8,964,000	30.0%
1984	5,863,000	4,206,000	10,069,000	41.8%
1985	5,780,000	5,612,000	11,392,000	49.3%
1986	5,275,000	7,008,000	12,283,000	57.1%
1987	5,211,000	7,357,000	12,568,000	58.5%
1988	4,451,000	5,439,000	9,890,000	55.0%
1989	5,322,000	5,350,000	10,672,000	50.1%
1990	5,980,000	4,810,000	10,790,000	44.5%

*Does not include bicycles with wheels under 19 inches in diameter.

Statement on behalf of
Bicycle Wholesale Distributors Association
In Support of H.R. 1884

Before the Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives

June 12, 1991

The Bicycle Wholesale Distributors Association (BWDA) is in support of H.R. 1884.

Submitted By:

Lewe B. Martin, Counsel for BWDA; 888 17th Street, N.W., Washington, D.C. 20006; (202) 296-6885.

BWDA Membership:

This organization is a nationwide trade association whose membership consists of approximately 40 wholesale distributor and 60 associate (supplier) members located in some 18 states and Puerto Rico. BWDA members manufacture and/or sell all types of bicycles, bicycle parts and accessories.

A list of the distributor members is included in Attachment A hereto.

Comments:

The BWDA submits this statement in support of H.R. 1884. This bill will allow the U.S. producers of bicycles and replacement market suppliers to import, without duty, certain component parts of bicycles which are not produced on a commercial scale in the U.S. This legislation renewing existing duty suspension provisions on certain bicycle parts and accessories is supported by BWDA because it makes U.S. produced bicycles more competitive with imported complete bicycles. This results primarily because the statutory duty on the parts for which ther will be a suspension is higher than the duty on most imported bicycles.

Further the BWDA believes these duty suspensions to be noncontroversial as it is not aware that any domestic firm produces bicycle parts included in Harmonized Tariff Schedule of the United States Headings 9902.40.11; 9902.73.12; 9902.73.15; 9902.84.79; 9902.85.12; 9902.87.14; 9902.87.15; and 9902.87.16.

BWDA submits that no domestic producer would be affected by the extension to December 31, 1996 of the duty suspension contained in H.R. 1884.

BWDA submits that a delicate balance of the interests of the bicycle industry and the bicycle component parts industry has been reached through repeated revision of the tariff schedules of the United States so as to allow duty free import of those categories of bicycle component parts which are not manufactured domestically. BWDA further submits that this balance would be destroyed by exempting otherwise dutiable bicycle component parts from the customs laws of the United States through granting Foreign Trade Zone (FTZ) status to bicycle manufacturing and assembly plants in the United States and that the preservation of such balance is in the public interest and in the interest of the domestic bicycle industry.

The BWDA agreed with the inclusion by Congress in the Omnibus Trade and Competitiveness Act of 1988, of the 1991 extension of provisions which deny the use of Foreign Trade Zones (FTZ) for the purpose of assembling bicycles with imported components. H.R. 1884 further extends the prohibited use of a FTZ for the assembly of bicycles using imported components from December 31, 1992 to December 31, 1996. All segments of the domestic bicycle industry should benefit from the knowledge that this part of the U.S. tariff system will not be revised for another five years.

The hoped for result will be a successful production of bicycles in the United States which will support the continued domestic manufacture of component parts for bicycles. Such domestic production will serve to ensure a continuity of supply of replacement parts distributed by BWDA members.

ATTACHMENT A

Distributor Members
Bicycle Wholesale Distributors Association

Allied Cycle Distributors
Waltham, MA 02254-0430

Arizona Bicycle Wholesale
Tempe, AZ 85281

Bauer Cycle Supply, Inc.
Minneapolis, MN 55401

Bike Brokers
N. Ft. Myers, FL 33903

Detroit Cycle Supply Co.
Detroit, MI 48201

District Cycle supply
Beltsville, MD 20750

Farber Cycle, Inc.
Troy, MI 48083

Herbert L. Flake Co., Inc.
Houston, TX 77087

Frank's Wholesale, Inc.
Phoenix, AR 85109

Fridrich Bicycle, Inc.
Cleveland, OH 44113-3786

Howard W. Georger Co., Inc.
Buffalo, NY 14227

Giant Bicycle, Inc.
Rancho Dominquez, CA 90220

Gordon Cycle Supply, Inc.
Cleveland, OH 44108

Hawaii Bicycle Supply Co.
Pearl City, HI 96782

The Hawley Company
Lexington, S.C. 29072

Robert Heaton, Inc.
Fremont, CA 94536

Island Cycle Supply Co.
Minneapolis, MN 55401

G. Joannou Cycle Co., Inc.
Northvale, NJ 07647

Hans Johnsen Company
Dallas, TX 75247

Lawes, Inc.
Long Beach, CA 90807

Leeworld Co., Inc.
Gardena, CA 90248

Life Enterprises Co.
Portland, OR 97206

Merry Sales Co.
San Francisco, CA 94103

Miami Bicycle & Supply, Inc.
Miami, FL 33166

More Cycle Co., Inc.
Miami, FL 33166

Emilio Mulero, Inc.
Caguas, Puerto Rico 00626

Olympic Supply Company
Milwaukee, WI 53218

Mel Pinto Imports, Inc.
Falls Church, VA 22042

Procycle USA
Paramus, NJ 07652

Quality Bicycle
Richfield, MN 55423

Rite-Way Products
Placentia, CA 92670

Rite-Way Products East
Buffalo, NY 14227

Rite-Way Products Central
St. Louis, MO 63132

Ross Bicycles/North America
Farmingdale, NY 11735

Schwinn Bicycle Co.
Chicago, IL 60606-1111

Seattle Bike Supply
Kent, WA 98032

Service Cycle Supply Corp.
Commack, NY 11725

Sun World Distributors, Inc.
Jacksonville, FL 32207

Western States Import Co., Inc.
Camarillo, CA 93012

Wilson Bicycle Sales, Inc.
Hayward, CA 94544

Wisconsin Cycle Supply Co., Inc.
Sheboygan, WI 53081

1176d

H.R. 1887

To suspend until January 1, 1995, the duty on Peridur

No comments submitted.

H.R. 1888

To suspend until January 1, 1995, the duty on Phospholan

No comments submitted.

H.R. 1891

To extend the existing suspension of duty of 2,4-Diamino-6-phenyl-1,3,5-triazine

No comments submitted.

H.R. 1892

To suspend temporarily the duty on N,N-dithio-di-(2,1-phenylene) bis benzamide until January 1, 1995

No comments submitted.

H.R. 1893

To suspend temporarily the duty on dephenyl guanidine until January 1, 1995

ROBERT A. ROE
8TH DISTRICT, NEW JERSEY

CHAIRMAN
PUBLIC WORKS AND
TRANSPORTATION COMMITTEE

SUBCOMMITTEES:
AVIATION
ECONOMIC DEVELOPMENT
INVESTIGATIONS AND OVERSIGHT
PUBLIC BUILDINGS AND GROUNDS
SURFACE TRANSPORTATION
WATER RESOURCES

SELECT COMMITTEE ON AGING

Congress of the United States
House of Representatives
Washington, DC 20515-3008

WASHINGTON OFFICE
ROOM 2243
RAYBURN HOUSE OFFICE BUILDING
202-225-5751

DISTRICT OFFICES:
LAW BUILDING
66 HAMILTON STREET
ROOM 102
PATERSON, NJ 07505-2003
201-523-5152

U.S. POST OFFICE BUILDING
BLOOMFIELD AVENUE
BLOOMFIELD, NJ 07003-3471
201-645-[illegible]

155 MOUNTAIN VIEW BOULEVARD
P.O. BOX 407
WAYNE, NJ 07474-0407
201-696-2077

June 10, 1991

Hon. Sam Gibbons
Chairman
Ways & Means Subcommittee on Trade
1136 Longworth HOB
Washington, DC 20515

Dear Chairman Gibbons:

On April 17th of this year, I introduced H.R. 1893, a bill to temporarily suspend the duty on diphenyl guanidine.

Since that time, it has come to my attention that legislation to retroactively continue a previous suspension for this same substance has been introduced.

I would like to offer my support for this bill, H.R. 1831, which would continue the previous suspension until 12/31/95, and which provides that any duty paid after December 31, 1990 and before the 15th date after the date of the enactment of H.R. 1831 shall be liquidated or reliquidated as though such suspension had not ended.

With all good wishes.

Sincerely,

Robert A. Roe
Member of Congress

H.R. 1894

To suspend temporarily the duty on di-o-tolyl guanidine until January 1, 1995

No comments submitted.

H.R. 1896

Relating to the tariff treatment of certain weaving machines for fabrics in excess of 4.9 meters in width

Statement in Support of H.R. 1896
On Behalf of
Fourdrinier Wire Council

The Fourdrinier Wire Council is an association of manufacturers that are principally engaged in the supply of component parts to the U.S. Paper making industry.

H.R. 1896 would renew duty suspension of subheading 9902.84.46 of the Harmonized Tariff Schedule. This heading covers "power driven weaving machines for weaving fabrics more than 4.9 meters (16 feet) in width, and parts thereof." Products imported under this provision produce a woven wire mesh used in the manufacturer of paper.

These weaving machines are very large and expensive. They are currently only manufactured in foreign countries. They produce a long continuous belt that is custom made for particular paper making installations.

Renewing the duty-suspension on these machines allows U.S. producers of this mesh to be more competitive with foreign producers of similar products. If these machines were not imported, the mesh they produce would have to be. Since the mesh itself is dutiable, this would necessarily increase costs to U.S. paper makers. Parts are also covered because the machines contain high-wear items that have to be replaced on a regular basis.

Without the duty suspension, imports of these products would be dutiable under several tariff provisions at 4.7 percent.

The Council urges the adoption of H.R. 1896 as a means of assisting U.S. manufacturers in maintaining low costs and staying competitive with foreign suppliers.

Submitted on behalf of
Fourdrinier Wire Council

Joseph K. Dowley
Dewey Ballantine
1775 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

H.R. 1899

To extend until January 1, 1995, the existing suspension of duty on Tfs Lys Pro in free base and tosyl salt forms

See Merck & Co., Inc., under H.R. 1807

H.R. 1901

To extend until January 1, 1995, the existing suspension of duty on norfloxacin

See Merck & Co., Inc., under H.R. 1807

H.R. 1902

To suspend until January 1, 1995, the duty on keto ester

See Merck & Co., Inc., under H.R. 1807

H.R. 1903

To suspend until January 1, 1995, the duty on lisinopril

See also Merck & Co., Inc., under H.R. 1807

H.R. 1903

To suspend for a 3-year period the duty on lisinopril

BACKGROUND PAPER: DUTY SUSPENSION FOR LISINOPRIL

Comments Submitted by ICI Americas, Inc.

ICI Americas Inc., a Delaware corporation, is the wholly-owned operated subsidiary of ICI PLC, a publicly owned United Kingdom corporation. Headquartered in Wilmington, Delaware, ICI Americas Inc. has annual sales of over $4 billion and employs more than 17,000 people at manufacturing sites, research centers, laboratories and offices throughout the United States.

ICI Americas sales represent significant exports from and imports into the United States notably in the pharmaceutical sector. The rapidly growing ICI Pharmaceuticals Group in Wilmington, Delaware, which includes Stuart Pharmaceuticals and ICI Pharma, is a business unit of ICI Americas Inc. Together Stuart and ICI Pharma rank tenth among U.S. pharmaceutical companies.

Developing new therapeutic agents is a complex process requiring years of scientific effort. Only one compound in 10,000 will be successful, and the time from discovery to market averages ten years at a cost of over $200 million. ICI Pharmaceuticals Group in the U.S. employs some 700 scientists who, with more than 2,000 researchers in the U.K. and 400 in the rest of the world, comprise ICI's worldwide pharmaceutical R & D effort. Research and development expenditures worldwide exceed $300 million annually, placing us among the top ten companies in terms of scientists involved in pharmaceuticals research and development. Ongoing expansion of the Wilmington research facilities -- to date costing $80 million -- has doubled capacity for discovering and testing new drugs in the U.S.

ICI is committed to conquering many of today's major diseases and to contributing to a better quality of life. ICI Pharmaceuticals Group will introduce several new drugs to the U.S. market, an intravenous anesthetic agent, and a treatment requiring only a monthly injection for advanced prostate cancer. Further in the future, agents are being researched for their potential uses in the treatment of asthma, emphysema, and mental disorders, including Alzheimer's disease. Existing products include TENORMIN, TENORETIC and SORBITRATE cardiovascular agents, NOLVADEX breast cancer treatment, and ZESTRIL, ZESTORETIC used for the treatment of hypertension. ZESTRIL and ZESTORETIC contain lisinopril, for which a duty suspension has been requested in H.R. 1903.

While tariffs for medicinal chemicals tend to be low -- 6-8% in the United States -- they constitute a cost factor in the production of health care products at a time when the health care industry is experiencing pressure from practically every quarter to contain costs. Accordingly ICI Americas requests that the U.S. Congress grant a three-year duty suspension on imports of lisinopril.

ZESTRIL (lisinopril) and ZESTORETIC (lisinopril and hydrochlorothiazide) tablets are prescription medications used for the treatment of several forms of the medical condition commonly known as hypertension (high blood pressure).

In the near future (one or two years), the Food and Drug Administration is expected to approve ZESTRIL for use in certain forms of heart disease (congestive heart failure).

Lisinopril bulk drug (the active medicinal ingredient in ZESTRIL and ZESTORETIC) is formulated by ICI PLC in Macclesfield, England under license from Merck, Sharp, and Dohme, an American corporation. Production of finished tablets occurs both at ICI's Newark, Delaware plant and Merck's Wilson, North Carolina plant (ZESTORETIC only). Under the terms of this agreement Merck and ICI have agreed that both Companies have the right to manufacture lisinopril, compound (formulate) tablets from lisinopril, and sell tablets (under each Company's respective Brand Names).

ICI Americas obtains its supplies of lisinopril bulk drug from England (ICI Macclesfield). There is no comparable U.S. manufactured material (both ICI and Merck import their requirements).

Dollar Value of Imports:

	1988 Actual	1989 Actual	1990 Actual	1991 Estimate	1992 Estimate	1993 Estimate
Purchases ($ Millions)	$34.3	$73.6	$87.7	$108.8	$137.2	$159.8

H.R. 1904

To suspend until January 1, 1995, the duty on certain chemicals

No comments submitted.

H.R. 1905

To suspend until January 1, 1995, the duty on certain chemicals

STATEMENT OF KENNETH D. MORRIS, ESQ., SECRETARY AND GENERAL COUNSEL, NOR-AM CHEMICAL CO., WILMINGTON, DEL.

I. **Introduction**

Pursuant to the request of the Subcommittee on Trade for written comments of interested parties on the miscellaneous tariff bills, these comments are submitted in support of H.R. 1905, a bill proposed by Congressman Guy Vander Jagt to suspend through December 31, 1994, the duty on certain chemicals. NOR-AM Chemical Company ("NOR-AM"), the manufacturer of these chemicals, vigorously supports this legislation and considers its passage particularly crucial, as explained below, if NOR-AM is to lower the cost of manufacturing Carzol® by basing a substantial part of its production in the United States. As noted herein, NOR-AM manufactures and distributes a wide range of herbicides, fungicides, plant growth regulants, defoliants, insecticides, and high-grade nitrogen-based fertilizers in the United States. The chemicals affected by this legislation are used in the manufacture of, or contained in the final prod~~uct, Carzol®~~ SP, a miticide and insecticide used in various agrichemical markets.

In order to reduce the cost of production and to advance NOR-AM's ability to compete, the Company is currently actively evaluating production of these products at its Michigan facility, or elsewhere within the United States. Although full evaluation of all U.S.-based production options will not be completed for several months, it is now apparent that there is a strong probability the Company will have to import either the first stage or the final product in bulk, as described in fuller detail below. Importation of either proprietary chemical, however, will result in the assessment of a 15% ad valorem duty on the bulk import. The effect would be to penalize this U.S. manufacturer when it locates production within the United States -- unless, of course, this legislation is passed.

II. **Relevant Market and Product Benefits.**

Carzol® SP is a proprietary miticide and insecticide registered exclusively by NOR-AM approximately 30 years ago for use in agricultural applications. The product's active ingredient is formetanate hydrochloride (92% by weight) and has been used in this country for decades for control of mites, leaf hoppers, thrips, weevils and other pests found on oranges, lemons, tangerines, tangelos, grapefruits, apples, pears, peaches, plums and prunes. The product is of essential use in approximately 16 states and export markets. Roughly a half million acres need treatment with this chemical in the United States alone. Groups keenly interested in the availability of this product include various state and federal associations of citrus and fruit growers, tree and vine groups, and horticultural trade associations in the United States and in foreign countries.

The product adds value to the final production of these fruits by allowing growers to realize maximum yield for their crop and to sell their produce for the best possible return. The consumer, likewise, benefits from an abundant and healthful supply of fruits that are unblemished by pests and insects. This legislation would seek to enhance that market by enabling NOR-AM to compete more effectively by sourcing much of its Carzol production within the United States. In addition, basing production of the product within the United States would enable the Company to meet market needs overseas as well, thereby contributing positively to the country's export trade balance in the order of several millions of dollars.

III. Present Need for Duty Exemption

Although NOR-AM is currently evaluating the various production options within the United States, it is looking particularly at producing products at its plant in Michigan. While the Company will not be in a position to make its final production decision for several months, it anticipates that it will be forced to import either the first or last stage chemical due to the unavailability of a key raw material domestically. Unfortunately, much needs to be done from the Company's viewpoint in order to properly evaluate what production stages can be undertaken domestically, if not at its Michigan plant, and the location and costs of the options available. Trial production runs will also be needed in order to assure the manufacture of a product meeting specifications and to do so as economically as possible. Only in that way can the Company be an effective competitor. All of the foregoing requires time. This legislation is, therefore, introduced now in order to enable the Company to be in the best competitive position possible when the production sourcing and evaluation have been satisfactorily concluded.

In the event the first stage must be imported in bulk, then it is the Company's intent to complete production of the final product at its plant in Michigan if possible, or elsewhere in the United States if not. In the event the Company finds itself able to manufacture the first stage, the intermediate resulting from that process would then have to be exported because of the unavailability of a key raw material within the United States and the final product would then be produced overseas. The final product would be imported in bulk back to the Company's Michigan plant for formulation and packaging and distribution and sale throughout the country.

Duty exemption, therefore, is needed for both the first and last stage chemicals in view of the above possibilities, and this legislation addresses both. Since these are proprietary compounds registered exclusively to and produced solely by the Company, this legislation is expected to be unopposed.

It should be noted that this is the first time since the product was registered approximately 30 years ago that production of some of the product's stages will be based in the United States. But in order to produce one or more stages domestically at a competitive price, this legislation is crucial since the Customs Service has formally advised the Company a 15% ad valorem duty would be assessed in the event either the first or final product stages must be imported in bulk as noted above. Prior to this legislation, the Company has historically imported the final product already packaged and ready for immediate resale at a duty rate, it now appears, which was substantially lower (9.7%) than the duty rate which, according to Customs' recent binding ruling, will now apply when the Company produces part of the product domestically and is forced to import another part in bulk in order to complete the production process in this country. Nor does any provision of customs law or regulation provide any relief. Without this legislation, the net effect would be to penalize (by the imposition of a 15% duty) the Company as it seeks to lower its cost of production (and thereby enhance its domestic and international competitive ability) by using domestic production facilities.

In addition, exempting these products from duty through December 31, 1994 would provide important assistance to the Company during difficult economic times. Obviously, the Company will take every effort to evaluate production of one or more stages at its Michigan plant and, in so doing, provide additional employment to area residents and provide the plant with important new production capability. This capability would obviously enable the Company to better withstand market declines in other businesses since idle capacity and other factors would not be as adversely affected when sales of other products produced by the plant decline in the future. Finally, eliminating the need to import the product in packaged form ready for resale also eliminates a negative drain on the country's balance of payments and replaces it with a positive infusion since the Company will then be able to tap export markets dependent on this product for control of a wide variety of pests and insects in fruits, citrus, and horticultural markets.

IV. Description of H.R. 1905.

A). The Provisions

This legislation exempts from duty both the active ingredient found in Carzol, N,N-dimethyl-N'[3-[[(methylamino) carbonyl] oxy] phenyl] methanimidamide monohydrochloride (otherwise known in previous nomenclature as (m-[[Dimethylamino) methylene]amino] phenyl methylcarbamate mono-hydrochloride)), and its precursor raw material, 3-dimethylamino methyleneiminophenol hydrochloride (otherwise known as formetanate A-HCL). As noted above, the Company is carefully examining its various production options at this time. Importation of at least some portion of the production process, however, is virtually certain, and this legislation needs to be enacted in a timely fashion so that the Company can rely on its provisions in making final production plans.

B.) The Equities Compel Passage.

As pointed out herein, the Company needs to be better able to produce these products more efficiently and more economically than has been done in the past. In prior years, none of the production process was based in the United States and the Company's resulting need to source the entire production overseas and to import final product packaged for immediate resale has hurt the Company's ability to compete effectively. In order to be a more effective competitor, sourcing of the production of one or more stages in the United States is a necessity. Doing that, as noted herein, will, however, result in the assessment of a 15% ad valorem duty since locating production domestically will not eliminate the need to import entirely. In the absence of this legislation, the Company would in all likelihood have to continue to remain competitively disadvantaged by importing all of its requirements of the product in form finally packaged and ready for resale. For these benefits and the additional positive effects noted above, surely passage of this legislation is the best and most equitable method to insure the Company will decide to base as much production as possible at its domestic plant or elsewhere within the United States.

C.) This Legislation is Not Controversial.

Passage of this legislation is not controversial inasmuch as the chemicals are proprietary and belong exclusively to NOR-AM and its affiliated companies. To our knowledge no party in the United States either manufactures Carzol or imports it other than NOR-AM. The product has been sold in this country for approximately 30 years and, as noted herein, has essential uses in a variety of markets.

V. Summary and Conclusions.

For several reasons we believe this legislation is needed. The Company seeks to lower its costs to produce Carzol by locating a sizeable portion of its production within the United States, specifically, at its Michigan plant, or elsewhere domestically if that is not possible.. For the reasons noted above, however, the Company will be unable to eliminate entirely the need to import certain chemicals in bulk. Unless this legislation is passed, a 15% duty will be assessed and will unfairly penalize the Company in its attempt to lower unit costs and enhance its competitive position. The ensuing benefits in enhanced employment and the positive contribution to balance of payments are also important.

For all of the foregoing reasons, it is respectfully submitted that H.R. 1905 be duly passed at the earliest opportunity.

H.R. 1906

To suspend for a 3-year period the duty on certain sheet glass

STATEMENT OF DONNELLY CORPORATION IN SUPPORT OF H.R. 1906

Donnelly is a public company which employs approximately 2,000 persons in our seven plants in Holland and Grand Haven, Michigan, where we have been processing glass related products since the turn of the century. Our current technology extends to vacuum thin film coatings on glass, fabricated glass components, integrated plastic moldings, and electronics.

The imported glass for which we are seeking a duty suspension is the raw material we further fabricate and to which we apply conductive and transparent thin film coatings. This product is then sold by Donnelly to companies who manufacture liquid crystal displays which are used in digital watches, calculators, clocks, and radios, as well as displays used in appliances, telephones, and automobiles.

This particular process capability is one example of the technology which we have developed over many years through an annual investment in research and development of approximately five percent of gross sales. Our market for this product is international. We ship 90% of our product to over 30 different customers in Asia and Europe. In 1989 we were the recipient of the President's "E" Award for our success in this market area.

Our major competition is located in Japan, Korea, and to a lesser extent, Europe. The market is extremely competitive and margins are slim due to the high capital investment in process equipment and investment in technology development. The duty suspension will help us to maintain our position in this competitive market and to offset some of the cost disadvantages of serving an international market from our midwestern location.

The float glass we use for our product is not available from U.S. float glass manufacturers. It is only available from one source in England, one in Belgium, and three sources in Japan. The glass we import from these producers is made specially for LCD display applications. The glass is produced in float glass plants which have been specially modified to meet the very high quality specifications for display applications. This imported glass is characterized by very precise specifications for thickness uniformity, surface flatness, and absence of many different categories of cosmetic defects.

Relative to the total market for float glass products, the LCD application for which we import glass is very small. Our total annual requirements would represent about one week's production from an average sized float glass line and as there are many hundreds of float lines throughout the world, it is understandable why U.S. float glass producers do not offer a product for this application.

Donnelly Corporation urges the passage of H.R. 1906, a bill which will greatly improve the international competitiveness of our midwestern company in this high technology market.

J Dwane Baumgardner

J. Dwane Baumgardner
Chairman of the Board

June 11, 1991

H.R. 1907

To suspend temporarily the duty on oxalacetic acid diethyl ester sodium salt

No comments submitted.

H.R. 1908

To extend until January 1, 1995, the existing suspension of duty on difenzoquat methyl sulfate

No comments submitted.

H.R. 1909

To extend until January 1, 1995, the existing suspension of duty on sulfathiazole

No comments submitted.

H.R. 1910

To extend until January 1, 1995, the existing suspension of duty on sulfamethazine

No comments submitted.

H.R. 1913

To suspend until January 1, 1995, the duty on PCMX

FERRO

FERRO CORPORATION
FERRO CHEMICALS GROUP
BEDFORD CHEMICAL DIVISION
7050 KRICK ROAD
BEDFORD, OHIO 44146-4494
TELEPHONE: (216) 641-8580
TELEX: 98-0165
FAX: (216) 439-7686

May 31, 1991

The Honorable Lewis Stokes
US House of Representatives
Washington DC 20215

Re: House Resolution 1913: To suspend until January 1, 1995 the duty on PCMX.

Dear Congressman Stokes:

Ferro Corporation, a multinational organization with headquarters in Cleveland, Ohio, has previously been concerned with foreign competition for its Ottasept® Chloroxylenol (PCMX), produced by our Bedford Chemical Division located at 7050 Krick Road, Walton Hills, Ohio 44146, and had sought tariff protection.

Ferro has decided to cease production of PCMX and has no plans to produce PCMX in the future. Further, to our knowledge, there is no other producer of PCMX in the United States. Consequently, Ferro is no longer interested in having the tariff on PCMX maintained and has no opposition to the bill, H.R. 1913, introduced by Thomas Carper of Delaware to suspend the duty on PCMX.

Thank you for your assistance.

Sincerely yours,

BEDFORD CHEMICAL DIVISION
Ferro Corporation

L S Milazzo

L. S. Milazzo, General Manager
Polymer Additives

LSM/bkr

cc: The Honorable Sam Gibbons
Chairman, Sub. Committee on
Trade, Ways and Means Committee
U.S. House of Representatives
1136 Langworth Blvd.
Washington, DC 20515

Mr. Robert J. Leonard, Chief Consul
Committee on Ways & Means
U.S. House of Representatives
1102 Langworth Blvd.
Washington, DC 20515

H.R. 1915

To suspend for a 3-year period the duty on omega-dodecalactam

No comments submitted.

H.R. 1919

To extend through December 31, 1994, the existing temporary suspension of the duty on certain disposable surgical gowns and drapes

American Reuseable Textile Association
P.O. Box 1073
Largo, FL 34294-1073 **813/397-9611**

June 6, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

This correspondence concerns House Bill H.R. 1919, "Extention of Suspension of Duty on Certain Disposable Gowns and Drapes to 12/31/94". It is requested that you please make this letter part of the record for H.R. 1919.

The American Reuseable Textile Association (ARTA) opposes this bill and urge the Committee on Ways and Means to consider the following:

The bill will continue to offer an unfair advantage to single use, disposable surgical producers as opposed to reuseable surgical textile manufacturers. Both classifications of manufacturers should receive equal legislative treatment which should include equivalent tariff and trade practices. There are many factors which should be considered in this matter.

Employment of Workers Within The Reuseable Textile Sector

The American Reuseable Textile Association (ARTA) represents a business and industrial complex which includes healthcare apparel manufacturers, textile mills, fiber suppliers, laundry supply producers, machinery manufacturers and laundry specialists of all types including institutional, rental and central laundry facilities. All of the organizations identified serve the healthcare community by supplying goods and services to support launderable hospital textiles. As such, the total employment within this sector of commerce, including all of the businesses involved, represent many hundreds of thousands of U.S. workers.

Many of the personnel employed have been trained in various specialized vocations and would have difficulties finding equivalent employment opportunities if the overall industry were to suffer major dislocations brought about by unfavorable tariff legislation.

Furthermore, many apparel and textile manufacturing plants are located in rural farming communities and offer family farms the opportunity for a stable income. Often a single industrial plant is the only employer in a rural community.

-cont-

Similarly many health related laundries are found at innercity locations. Here also, employees trained in specialized vocations are dependent on the ongoing survival of various institutions to maintain their livelihood. All of the workers referred to are employed and are thereby tax paying citizens contributing to our nation's economic well being. If due to disruptions and dislocations brought about by inequitable tariff regulations these productive workers, currently permanently employed, might otherwise suffer job loss and thereby require government financial assistance.

The Growing Cost Of Healthcare

Reuseable textile products which can be laundered by institutional, rental, or central laundries offer the Healthcare Community a more cost effective approach to hospital textiles at a time when the cost of medical care to our nation is growing at an alarming rate. This subject was discussed during a presentation which I made during the Clemson University Conference on Medical Textiles earlier this year. While as needed, I can furnish the Committee on ways and means with a complete copy of the paper given during this conference, I will briefly underscore a few points:

- As reported in the December, 1990 edition of Laundry News the Cleveland Clinic reports savings of $287,000 annually by converting from disposable to reuseable products.

- The Staten Island Hospital in New York expects to save more than $70,000 annually by adopting launderable products. This was reported in the 1989 Annual Report of Angelica Corporation.

- The Yale-New Haven Hospital reports that by going to reuseable textiles they have avoided doubling annual waste disposal costs based on recent Federal legislation which will include Connecticut in a pilot program requiring the tracking of waste from hospital to incinerators. This was also detailed in the Angelica Corporation Annual Report previously referred to.

Environmental Considerations

Launderable textiles also have many advantages relative to single use disposable products with regard to the environment. The Clemson University paper referred to previously includes significant information that shows many problems with the disposing of medical textiles in the form of medical waste.

- The EPA in a 1988 report to Congress stated that a growing number of landfills will be closing in the next few years. Whereas this number exceeded 6,000 U.S. locations in 1985, by 1990 there were less than 5,000 locations operating. This trend is continuing with the expectation that there will be less than 1,500 landfill sites in the U.S. by the year 2000.

-cont-

- The cost of dumping waste at landfills has been increasing excessively. According to Industry Week, (July 17, 1989), this was approximately $10 per ton in the Northeast during 1979 and by 1989 this cost had gone up to $138 per ton. Many States have virtually no landfill sites left and must export waste to other States.

Washable hospital textiles assist in avoiding these problems and this was detailed in the paper presented at the Clemson University Conference referred to previously.

In summary, we oppose House Bill H.R. 1919 in that it gives an unfair advantage to single use disposable hospital producers. This is to the disadvantage of producers of reuseable textiles and their affiliates who employ hundreds of thousands of workers. The reuseable product sector should not be penalized with regard to tariffs and trade in that healthcare costs can be contained with the use of reuseable textiles. Furthermore the launderable products referred to are environmentally stable and do not relate to the many problems associated with medical waste.

Speaking on behalf of the organizations and workers represented by ARTA we urge the House Committee on Ways and Means to consider our viewpoints in this matter and to vote negatively regarding House Bill H.R. 1919.

Very truly yours,

Howard M. Zins

Howard M. Zins, President

STATEMENT OF SAMUEL A. MABRY, VICE PRESIDENT OF FEDERAL AFFAIRS, HERCULES INCORPORATED, BEFORE THE WAYS AND MEANS COMMITTEE, U. S. HOUSE OF REPRESENTATIVES ON H.R. 1919, TO MAINTAIN THE DUTY ON CERTAIN DISPOSABLE SURGICAL GOWNS AND DRAPES, JUNE 12, 1991.

Mr. Chairman, it is a privilege to have the opportunity to present this statement to you and the members of the Committee on the bill H.R. 1919, which if enacted, would temporarily reduce the duty on certain disposable surgical gowns and drapes.

We feel this legislation is equitable and appropriate. If this legislation is not enacted, when the current temporary provision expires, the tariff schedule would apply a duty rate of 5.6 percent *ad valorem* to gowns and drapes made of a combination of paper and *polyester*, while again, applying a higher duty rate of 17 percent *ad valorem* to gowns and 9 percent *ad valorem* to drapes made of *bonded*-fiber fabric. More *specifically*, the bonded-fiber fabric gowns are 100 percent polypropylene. The paper gowns, classified as reinforced paper, thus eligible for the lower rate, are actually about 45 percent polyester and 55 percent wood pulp. Under these circumstances for one fabric to enjoy such a favorable rate of duty defies logic.

Further, this legislation is still narrowly drawn so that it applies only to disposable gowns intended for use during surgical procedures and surgical drapes of spunlaced or bonded fiber fabric. The tariff equalization would not apply to industrial protective apparel, lab coats or contamination gowns.

Additionally, we are advised that the 100 percent polypropylene product has desirable medical benefits over the reinforced paper product. For this reason, if for no other - the better health care of our citizens - the two products ought to be able to compete fairly. As you know, health care costs are continually on the rise and when the opportunity to reduce costs presents itself we hope the House and Senate will continue to respond favorably. In addition, during the period that the temporary provision has been in effect providing duty equity for these disposable surgical gowns and drapes, there has been no indication of injury to other parties because of this legislation. Consequently, it would seem appropriate to allow these similar products with the same end-use to compete fairly in the market place by continuing this duty equalization legislation.

Mr. Chairman, we appreciate the opportunity to present this information to you and we know the Committee will seriously consider our view.

inda Association of the
Nonwoven Fabrics Industry

1150 17th Street N.W., Suite 1000, Washington, D.C. 20036 (202/956-5631)

June 12, 1991

Rep. Sam M. Gibbons
United States House of Representatives
C/O Mr. Robert J. Leonard
Chief Counsel
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Rep. Gibbons:

I am writing on behalf of INDA, Association of the Nonwoven Fabrics Industry, to comment on H.R. 1919, a bill to extend the existing temporary suspension of the duty on certain disposable surgical drapes and gowns through December 31, 1994.

INDA is the recognized international trade association of the nonwoven fabrics industry. Nonwoven fabrics are a multi-billion dollar industry in the United States, and are used extensively in the manufacture of disposable surgical drapes and gowns. In fact, INDA's membership of more than 120 companies includes the major manufacturers of disposable surgical drapes and gowns used in the United States.

INDA has supported legislation similar to H.R. 1919 in the past, and will not oppose extending the measure through 1994.

Please feel free to contact me if your office has any questions on this issue, or if I can offer additional information. You may also wish to contact Ms. Sheila Landers, INDA's International Trade Counsel, or Mr. Peter Mayberry, INDA's Director of Government Affairs. Ms. Landers and Mr. Mayberry can both be reached through the law firm of Keller & Heckman, 1150 17th Street, N.W., Suite 1000, Washington, D.C. 20036, telephone (202) 956-5631.

Sincerely,

John J. Mead,
President

Written Comments of
The Nonwovens and Professional Health Care Sector,
Kimberly-Clark Corporation
to the
Subcommittee on Trade
# of the
House Committee on Ways and Means
on
H.R. 1919

June 12, 1991

I. INTRODUCTION

The following written comments are filed on behalf of the Nonwovens and Professional Health Care Sector of Kimberly-Clark Corporation (hereafter, "Kimberly-Clark" or the "Corporation") in support of H.R. 1919, a bill to extend for two years the temporary changes in tariff treatment on certain disposable surgical gowns and drapes. This legislation, if enacted, will extend through 12/31/94 the duty reductions for these gowns and drapes at the 5.6% rate.

II. KIMBERLY-CLARK CORPORATION, ITS PRODUCTS AND A DESCRIPTION OF ITS POLYPROPYLENE NONWOVEN MANUFACTURING PROCESS

Kimberly-Clark Corporation, its consolidated subsidiaries and equity companies are engaged in a worldwide business employing advanced technologies in absorbency, fiber-forming and other fields. The Corporation manufactures and markets a wide range of products (most of which are made from natural and synthetic fibers) for personal care, health care, and other uses in the home, business and industry.

Kimberly-Clark products and services include household and institutional tissues; feminine, infant and incontinence care products; industrial and commercial wipers; hospital and home health care products; and related products. These products are sold under a variety of brand names such as Kleenex®, Kotex®, New Freedom®, Huggies®, Delsey®, Hi-Dri®, Depend®, Kimwipes®, Kimguard® and Evolution®.

Nonwoven fabrics are used in Kimberly-Clark products for infant care, feminine care, home and professional health care, and for industrial and commercial wiping markets. These fabrics also are sold as a base material to other converters for a wide variety of uses.

The Nonwovens and Professional Health Care Sector of Kimberly-Clark produces, among other things, nonwoven materials made by a process of bonding or interlocking fibers, yarns or filaments. Kimberly-Clark's polypropylene base sheet is manufactured wholly within the U.S. The process requires that polypropylene pellets, supplied by domestic producers, be poured into a hopper, and then melted, and pumped through extruders. Fine fibers exit the extruders and are collected as an unbonded mat on a forming wire. A calender is used to thermally bond several layers together, a process which is typical of paper-making. The result is a bonded-fiber fabric. It must be emphasized that while some of the base sheet materials have characteristics similar to some woven textiles, no spinning or weaving in the traditional sense, which is characteristic of textile manufacturing, is involved in this process.

Over the years, Kimberly-Clark's 100% polypropylene base sheet has demonstrated such desirable characteristics as low lint, effective bacterial barrier properties, resistance to strike-through from body fluids such as blood, good fabric breathability and drapability, and minimal likelihood of supporting flame. Our polypropylene base sheet is a desirable product advancement that contributes to the well-being of both the patient and the surgical team and to hospital cost containment by helping to reduce infection and reinfection. Illogical application of duty rates should not be used to prevent this product from continuing to reach hospitals throughout the U.S. at a price comparable to other disposable surgical drapes and gowns.

III. DESCRIPTION OF THE U.S. CUSTOMS RULINGS

Although, Kimberly-Clark's products are used identically to those of its competitors, initially Kimberly-Clark found it necessary to seek a legislative solution because it was unable to fit within previous or existing Customs Service rulings. The Customs Service issued two rulings which classified a competitive fabric as "reinforced paper," although the material's component of chief value was polyester. The effect of these rulings was to treat comparable competitive products with identical end-uses very differently.

These two rulings, #027919 (July 6, 1973) and #055364 (February 19, 1980), classifying disposable operating room gowns consisting of up to 55% polyester and 45% wood pulp as "reinforced paper," made the gowns importable at 5.6% ad valorem. The first ruling indicated that when a layer of tissue paper produced from wood pulp on a standard paper-making machine and a layer of polyester mat are entangled by pressure-from sprayed water, the resulting base sheet is reinforced paper. The second ruling was a response to a request for internal advice on the first ruling from the District Director of Customs in El Paso, Texas.

The newest concern by other manufacturers arose from a third U.S. Customs ruling, #081946 (December 29, 1989), which, due to the conversion to the Harmonized Tariff Schedule ("HTS"), reclassified some gowns and drapes such that their previous duty rates of 5.6% were raised to 17% and 9% ad valorem. This ruling was then revoked by U.S. Customs ruling #086629 (May 9, 1990) reinstating #027919 and #055364.

IV. PURPOSE AND DESCRIPTION OF H.R. 1919

H.R. 1919, as introduced, is a bill to extend for another two years the temporary changes approved last year, as amended in the Senate and accepted in the House. This tariff treatment now provides duty equity at 5.6% for spunlaced (polyester and paper - reinforced paper) or bonded-fiber fabric (polypropylene) disposable gowns of man-made fibers, intended for use in performing surgical procedures and spunlaced or bonded-fiber fabric disposable surgical drapes of man-made fibers with gowns and drapes of varying combinations of paper and man-made fibers.

Kimberly-Clark, in seeking the original legislation in 1982, was attempting only to gain duty parity with our competitors who produced virtually identical finished products that had the same end-use and were being sold to the same markets. Consequently, last year, when Customs overturned their 1973 and 1980 rulings which had lowered the duties for disposable gowns and drapes of reinforced paper, Kimberly-Clark was willing to modify our pending legislation to extend duty parity to spunlaced surgical gowns and drapes for manufacturers and converters who, as a result of this Customs reversal, found themselves in a similar situation to that of Kimberly-Clark in 1980. The legislation's amended language eliminated almost all of the previous opposition which was primarily of a competitive nature. Then just prior to enactment of the legislation in 1990, under a "Request for Reconsideration," the ruling overturning the 1973 and 1980 Customs rulings was revoked -- reinstating the earlier rulings.

Disposable hospital gowns and drapes predominantly of paper, or of some combinations of paper and man-made fibers, have been classified in the HTS subheadings 6210.10.20 and 6307.90.60 with an applicable duty rate of 5.6% ad valorem. The same end-use products that are made predominantly of bonded-fiber fabric (man-made fiber) instead of paper, however, are classified in HTS subheadings 6307.90.70 and 6210.10.40; without this legislation, these competitive products would be subject to duty rates substantially higher. For example, non-paper disposable drapes are assessed a duty rate of 9% ad valorem and non-paper disposable gowns have a rate of 17% ad valorem.

H.R. 1919 extends the present temporary duty reduction at 5.6% ad valorem until January 1, 1995. It includes spunlaced as well as bonded-fiber fabric surgical gowns and drapes and allows for final packaging to be done in the U.S. These changes were necessary in 1990 to achieve near unanimity in support of the bill by accommodating the needs of other manufacturers and producers of disposable surgical gowns and drapes.

H.R. 1919 will temporarily reduce the rate of duty on disposable surgical gowns and drapes comprised of spunlaced or bonded-fiber fabric to maintain the tariff levels and duty parity which, since 1984, have existed for these bonded-fiber fabric disposable surgical gowns and drapes and, since 1973, have existed for those comprised of polyester, nylon, polyethylene, polypropylene, and wood pulp combinations. The majority of producers of these disposable products of base sheet materials has paid 5.6% on value added for many years; however, without this extension, the bonded-fiber fabric producers would have to pay duties up to three times this amount.

The rationale for seeking to extend the temporary reduction in duties for disposable surgical gowns and surgical drapes of spunlaced or bonded-fiber fabric is to remedy a significant tariff inequity which could again exist if this legislation is not enacted. This tariff inequity existed for a number of years before corrective legislation was first enacted in 1984 and which, if not extended this year, could again skew the playing field in favor of a segment of the industry. It would also be contrary to hospital cost containment efforts.

Since the original introduction of the temporary tariff equalization measure nearly nine years ago, but prior to its enactment in 1984, a number of changes were made in the language of the provision to significantly narrow its scope. This basic narrowing is still contained in H.R. 1919 and, thus, includes only disposable surgical gowns of spunlaced or bonded-fiber fabric contained in HTS subheading 6210.10.40. The general apparel categories for such items as coats, shirts, suits, trousers, and slacks, of man-made fibers, remain excluded from the bill.

H.R. 1919 provides for an extension of the temporary duty reduction to 5.6% ad valorem. It also continues the coverage for spunlaced surgical gowns and drapes and allows for final packaging to be done in the U.S. prior to sterilization which was included in 1990. The original term of the temporary provision provided time for Kimberly-Clark to assess the success and effectiveness of our major capital investments for the manufacture of the polypropylene base sheet. In addition, this trial period demonstrated that duty parity at the 5.6% tariff rate has had a favorable effect on U.S. industry and jobs by expanding the demand for U.S. component fabric production facilities, raw material suppliers, and other supporting operations without disrupting the gown and drape markets. If enacted, H.R. 1919 would continue this positive trend.

The Multilateral Trade Negotiation ("MTN") final staged tariff reduction occurred January 1, 1987. In 1993, the 5.6% tariff rate applicable to our products would automatically increase if Congress fails to continue this duty parity. The 1987 final MTN implementation rates of 17% and 9% for surgical gowns and drapes, respectively, would then be applicable to Kimberly-Clark's products and any others made of similar fabric. Thus, even with the implementation of all MTN staged reductions, Kimberly-Clark would still pay for its disposable polypropylene surgical gowns and drapes duties equal to 300% and 160%, respectively, of the duties paid since 1984 by most medical converters of polyester and paper blended fabrics manufactured by other members of the industry.

V. DESCRIPTION OF THE RELEVANT MARKET

H.R. 1919 would not change the competitive status of domestic assembly operations for disposable surgical gowns and drapes. Within the total market of disposable surgical gowns and drapes, we would estimate that those which are completely assembled in the U.S. represent less than 1% of the gowns and less than 6% of the drapes and that the production for all of these products employs less than 300 persons in the assembly operations.

Since 1973, well prior to the temporary duty parity legislation among disposables, domestic companies faced competition from disposable surgical gowns and drapes re-entering the U.S. at a 5.6% ad valorem duty rate or duty free; after enactment of the parity legislation, they still faced that same competition. The continuation of the duty rates for surgical gowns and drapes at 5.6% ad valorem will, therefore, cause no additional competitive burden on totally intra-U.S. competitors than already exists. H.R. 1919 would simply maintain the status quo with duty equity at the 5.6% rate for those not entering the U.S. duty free.

Manufacturers continue to seek methods to minimize costs in order to cooperate with the health care cost containment efforts. The assembly of disposable surgical gowns and drapes is labor intensive and consequently the majority of manufacturers cannot cost-effectively have the assembly performed in the United States. A chart is attached hereto as Attachment A, which sets forth estimates of the approximate market shares, product components, and tariffs of the companies comprising the disposable surgical gown and drape market. The chart indicates that Kimberly-Clark could pay duties approximately three to one-and-one-half times higher than most of our competitors for entry of substantially identical products if these duty reductions are not continued.

The total technology utilized by Kimberly-Clark for manufacturing these products has developed over the years and is employed to varying degrees at a number of locations making the polypropylene base sheet. The Corporation has expended in excess of $160 million for the construction and expansions of our Corinth, Mississippi mill which now employs about 450 people. Further, the Corporation completed, in 1985, the U.S. polypropylene base sheet facility in LaGrange, Georgia at a cost of some $120 million as it had committed to do. This mill currently employs about 270 people and when the current expansion is completed will employ an additional 60 people -- construction jobs will be created in the interim. In addition, another U.S. facility in Lexington, N.C., started up in December of 1985, and an expansion was completed in 1989, at a combined cost of about $126 million, and currently employs about 225 people.

In support of these new manufacturing jobs for the health care and nonwoven fabrics based businesses, our facilities in Tucson, Arizona -- where the cutting and preparation of the fabric and other materials are done prior to assembly in Mexico -- has grown to 150 employees during the last six years. In addition, while employment in Mexico has also grown, some of the packaging operations prior to sterilization are moving to the United States due to physicians requiring that more components be included in their sterile packings with the gowns and drapes. The continued success of our Health Care and Nonwoven business will remain a major factor in our long-range plans for the Corinth, LaGrange and Lexington facilities making this duty equity legislation important to these operations.

VI. CONCLUSION

Kimberly-Clark believes that the temporary tariff reduction originally enacted to establish tariff parity for disposable surgical gowns and drapes at 5.6% ad valorem corrected a competitive inadequacy in tariffs. We also believe that the market experience of the past years bears out the claim that this action would not disrupt the market balance. Consequently, we feel that the facts support our request for continuation of these reduced duty rates which have helped to create U.S. jobs in construction, manufacturing, cutting, sterilization, sales and marketing. In addition, raw material and finishing suppliers and other supporting operations have benefitted.

We also note for the record that the Administration, in 1983, recognized that this tariff equalization measure was not amenable to multilateral or bilateral trade negotiations, resulting in a "no objection" position on Section 169 of P.L. 98-573 (H.R. 1226 -- during the hearings in April and May of that year before the Subcommittee on Trade of the House Committee on Ways and Means).

H.R. 1919 extends for two years the identical language that was enacted in 1990 when the vast majority of the manufacturers of the base sheet and producers of the surgical gowns and drapes supported the legislation. The only opposition came from a company which enjoys duty free treatment for its imports. These facts coupled with the great need for holding down hospital costs suggest that there is strong justification for extending this legislation. Consequently, Kimberly-Clark urges passage of H.R. 1919 to extend for two years the temporary tariff parity at 5.6% for disposable surgical gowns and drapes manufactured of spunlaced or man-made bonded-fiber fabric.

June 10, 1991

ATTACHMENT A

Market Share	Company	Components of Hospital Drape and Gown Products	Assembly Location	HTS Subheading #	1991 Tariff Rate
43%	Baxter Operating Room Div. of Baxter Inc. (Formerly Converters)	1) OPTIMA: 40% Polyester, 60% Wood Pulp	Mexico	6210.10.20 6307.90.60	5.6% ad val. 5.6% ad val.
		2) DEXTEX: 0-50% Polyester, 50-100% Wood Pulp	Mexico	6210.10.20 6307.90.60	5.6% ad val. 5.6% ad val.
34%	Surgikos Div. of Johnson & Johnson	1) FABRIC 450: 40% Polyester, 60% Wood Pulp	Mexico	6210.10.20 6307.90.60	5.6% ad val. 5.6% ad val.
14%	Professional Health Care Business of Kimberly-Clark	1) EVOLUTION: 100% Polypropylene	Mexico	6210.10.40 (9902.62.10) 6307.90.70 (9902.62.10)	17% (5.6%) ad val. 9% (5.6%) ad val.
4%	Boundary Health Care Products of Technimed (Formerly Kendall & P&G)	1) SONTARA: 53% Wood Pulp, 47% Polyester Spunlaced	U.S. & Dominican Rep.	6210.10.20 6307.90.60	None
		2) DEXTEX: 0-50% Polyester, 50-100% Wood Pulp	U.S. & Dominican Rep.	6210.10.20 6307.90.60	None
2%	Mars White Knight of Work Wear Corp.	1) SONTARA: 53% Wood Pulp, 47% Polyester	U.S. & Mexico	6210.10.20 6307.90.60	None & 5.6% ad val. None & 5.6% ad val.
		2) DEXTEX: 0-50% Polyester, 50-100% Wood Pulp	U.S., Haiti & Mexico	6210.10.20 6307.90.60	None & 5.6% ad val. None & 5.6% ad val.
3%	All Other	Various			

Notes:

- Some of these products contain binders and other treatment chemicals not included in the fiber percentages.
- Kimberly-Clark, DuPont, Chicopee, and Dexter are the primary producers of the component disposable base sheet for these hospital gowns and drapes. All of the base fabric is manufactured in the U.S.

Source of market share data: Hospital Supply Index - IMS America, 4th Quarter 1989 Report (covers 12 month period). These shares are comprised of disposable surgical gowns, and surgical packs and parts (drapes). Market share percentages represent the share of dollars.

STATEMENT
OF
TEKNAMED CORPORATION
ON
H.R. 1919

On April 18, 1991, Congressman Whitten introduced a bill, H.R. 1919, which would extend the existing temporary duty reductions on certain disposable surgical gowns and drapes by two years, from December 31, 1992, through December 31, 1994. In 1990 TeknaMed Corporation (TeknaMed) initially opposed legislation which would have made the temporary duty reductions permanent, but reluctantly withdrew its opposition and supported a two-year continuation of the reductions on a one-time basis when the scope of the legislation was expanded to ameliorate the effects of an adverse Customs ruling. The Customs Service has since reversed that ruling and TeknaMed submits that it would now be inappropriate to continue the existing reductions. Therefore, TeknaMed opposes the bill for the reasons set out below:

Background

1. TeknaMed Corporation

TeknaMed is a Mississippi corporation with its corporate headquarters in Columbus, Mississippi. It has been engaged in the manufacture of medical products in Mississippi since 1972. It manufactures, among other items, isolation gowns, coveralls, labcoats, smocks, surgical gowns, surgical drapes, and disposable footwear for use in hospitals and clinics, and otherwise by doctors and medical personnel. TeknaMed currently employs 285 people in Columbus, Mississippi, with an annual payroll of $3,800,000. There are also distribution centers in California, Pennsylvania, Illinois, Texas, and Mississippi and sales personnel throughout the United States. The annual payroll for its 35-person sales and distribution force is an additional $1,700,000. TeknaMed manufactures, sterilizes, and sells its products directly to hospitals in the United States. Annualized total sales are approximately $30,000,000, the majority of which are made up of the above-described articles. Over the last twenty years, TeknaMed has grown from a start-up position of zero sales to its current level.

TeknaMed also has a manufacturing facility in the Dominican Republic, in La Romana, that manufactures surgical gowns, surgical caps, isolation gowns and shoe covers. These products are imported into the United States and are brought to the plant in Columbus for further assembly, packaging, sterilization and distribution. These imports represent about 35 percent of TeknaMed's line and sales.

2. The U.S. Industry

In addition to TeknaMed, there are 20 or more small U.S. companies that manufacture the same types of medical products that TeknaMed does. To the best of TeknaMed's knowledge, these companies manufacture and/or assemble the vast bulk of their products in the United States.

Apart from TeknaMed, however, the U.S. market is dominated by a few large corporations that source their products entirely from Mexico. These major producers include Kimberly-Clark Corp.; Surgikos, Inc., a division of Johnson & Johnson Company; Baxter Healthcare Corp.; and, to a lesser extent, Mars, Inc., a division of Workwear Corp. According to recent independent market information service surveys, these four companies jointly account for approximately 90 percent of the U.S. market share and, as stated above, they import all the subject products that they sell in the United States from their facilities in Mexico. It is TeknaMed's understanding that the vast majority of these products have been imported, or are being imported under TSUS item 807 or HTS subheading 9802.00.80 so that duty is assessed only on the "value added" in Mexico resulting from assembling the component parts that were initially exported to Mexico from the United States in cut-to-be-sewn condition.

- Until 1988 Kimberly-Clark manufactured its surgical drapes and gowns from a non-woven paper base fabric called "Kaycel" which Kimberly-Clark also sold to Surgikos, Baxter, Mars and TeknaMed for use in their operations. In mid-1987 Kimberly-Clark announced abruptly that it was discontinuing its production of this fabric and would not accept orders after the end of the year. All of the commercial purchasers were forced to switch to alternative sources for the paper based non-woven fabric. Most of these began to purchase a paper-based fabric from Du Pont called "Sontara". Kimberly-Clark, however, switched to a spun bonded manmade fiber (polypropylene) fabric which it had developed to replace the previously-used paper based non-woven fabric in its disposable surgical gowns and drapes. This new product, SMS (for spunbond-meltblown-spunbond), was introduced to potential customers in April, 1988. However, the only one of Kimberly-Clark's former customers that was offered this fabric for use in its manufacturing operations was Johnson & Johnson; all the remaining production of this new fabric was retained by Kimberly-Clark for captive use. TeknaMed's offers to purchase this fabric were rebuffed.

It is TeknaMed's understanding that Johnson & Johnson has greatly reduced, or perhaps ceased, its purchases of Kimberly-Clark's new spunbonded manmade fiber fabric and now primarily produces a fabric that is similar to Du Pont's "Sontara".

3. H.R. 1919

H.R. 1919, as introduced by Congressman Whitten, would extend the temporary duty reductions on certain disposable surgical gowns and drapes currently set out in HTS subheading 9902.62.10 through December 31, 1994. The existing temporary reductions, which expire on December 31, 1992, reflect a compromise reached on bills introduced in the House in 1989 as H.R. 1997 (Congressman Whitten) and in the Senate as S. 1481 (Senator Cochran) to make permanent the temporary duty reductions that were originally enacted as Section 169 of Title I of Pub. 98-573 (Trade and Tariff Act of 1984) which provided for a five-year duty reduction, through December 31, 1988. This temporary reduction was subsequently extended for two years by Section 1804 (b)(2) of Subtitle G of Pub. L. 100-418 (Trade and Competitiveness Act of 1990), again in 1990 by Pub.L. 101-382 (Customs and Trade Act of 1990).

4. Support for Continuation of Reduction in 1990

In May 1990, TeknaMed changed its position and expressed its support for a temporary duty reduction on certain disposable surgical gowns and drapes as provided in section 1209 of the Miscellaneous Tariff Bill (H.R. 1594 passed by the Senate on April 24, and by the House with amendments on May 10, 1990). TeknaMed initially opposed the bills introduced in the House (H.R. 1997) and in the Senate (S. 1481). However, since the Finance Committee took action at its March 1, 1990, mark-up to expand the original bill's coverage to include spunlaced fabric, TeknaMed withdrew its opposition and supported enactment of the legislation as passed by the Senate. It is TeknaMed's understanding that several other companies, including E.I. Du Pont De Nemours & Company, and Dexter Nonwovens Division also supported the Senate version of section 1209 of the Miscellaneous Tariff Bill (H.R. 1594) for similar reasons.

At that time TeknaMed made it clear that it supported the temporary duty reductions provided in the Senate-passed bill only because it would have the effect of limiting the impact of an adverse Customs Service ruling regarding the classification of surgical gowns and drapes made from the spunlaced "Sontara" fabric which was issued to Baxter Healthcare Corporation in December, 1989 (Custom Ruling HQ 081946 of December 29, 1989).

On February 26, 1990, Baxter asked Customs to reconsider the December ruling on "Sontara" and TeknaMed supported the request for reconsideration. Customs ultimately agreed with Baxter's arguments and reversed its ruling on May 9, 1990 (HQ 086629). This subsequent ruling by Customs (reversing its earlier decision) nullified the basis for TeknaMed's support for the temporary duty reduction.

Although the Miscellaneous Tariff Bill had not yet been passed by the Congress, TeknaMed decided to continue to support the legislation, but made it known that TeknaMed's support was for a one-time only reduction lasting only through December 31, 1992.

Opposition to H.R. 1919

TeknaMed believes that continuing the existing duty reduction would be ill-advised and far more harmful than helpful.

1. Limited Benefits

Because Customs has reversed its classification ruling on "Sontara" fabric, the only clear beneficiary of the legislation would be Kimberly-Clark, and perhaps its suppliers to the extent that Kimberly-Clark could pay higher prices for supplies. While on the surface the bill would appear to be beneficial to Mississippians, in actuality the contrary is true. TeknaMed submits that there would be few or no new jobs created at Kimberly-Clark's Mississippi plant nor is the legislation needed to secure the jobs which currently exist in Mississippi. The plant in Corinth employs approximately 425 workers who manufacture non-woven fabrics for the diaper industry, for the female hygiene (sanitary napkin) industry and for surgical drapes and gowns. The surgical drape and gown fabric production is the smallest part of the Corinth plant's production by far. TeknaMed estimates that approximately 10 percent and no more than 25 percent of the employees and other plant resources in Corinth are dedicated to the manufacture of drape and gown fabrics.

2. Unfair Competitive Situation

The legislation, if enacted, would provide Kimberly-Clark with an unfair competitive advantage. Since Kimberly-Clark sends the SMS polypropylene fabric in cut-to-be sewn condition to its facility in Mexico for assembly into surgical gowns and drapes, when the completed articles are returned to the United States, Kimberly-Clark normally would pay duty only on the "value-added" in Mexico under HTS subheading 9802.00.80 The result is that, without H.R. 1919, Kimberly-Clark would pay an effective duty rate of about 25 percent of the Column 1 rate. This means that for the first seven years the duties were reduced on surgical gowns and drapes, Kimberly-Clark paid duties of roughly 2-3 percent on the imported value of the completed drapes and gowns. In addition, reduced duties will also be paid over the two year period between January 1, 1990 - December 31, 1992.

If the temporary duty reductions were to expire, Kimberly-Clark would pay an effective duty rate of about 5 percent, which would still be less than the normal Column 1 rates for imports of paper gowns and drapes.

Moreover, Kimberly-Clark already enjoys an unfair advantage in the U.S. market for surgical drapes and gowns because of its discontinuance of its paper based fabric manufacturing and its refusal to sell its polypropylene fabric, which is cheaper than the paper fabric, to its former customers.

Furthermore, it appears that Kimberly-Clark is now attempting to use the duty reductions not as a "shield" to protect its start-up operations in the manufacture of polypropylene fabric, but as a "sword" to drive its competitors out of business. When the legislation was introduced in 1983, Kimberly-Clark represented that it needed a temporary duty reduction for five years on drapes and gowns to protect its major capital investment in plant and equipment during the start-up period of its operations to manufacture the polypropylene base sheet. This five-year period has since been extended another four years.

It is difficult to reach any other conclusion except that Kimberly-Clark is attempting to establish a monopoly position, by reserving its cheaper, polypropylene fabric primarily for its own use and seeking duty concessions so that it can undercut its competitors' prices in the marketplace. If Kimberly-Clark truly wanted to protect, and expand, its polypropylene manufacturing operations, it would sell its new SMS polypropylene to Surgikos, Baxter, Mars, and TeknaMed, the major customers for "Kaycel" formerly produced for its own use and for the merchant market.

3. Adverse Effects

If H.R. 1919 were to become law, Kimberly-Clark would continue to enjoy a price advantage at the hospital level for its gowns and drapes which the U.S. manufacturers could not match, since the pre-tax margin of the most efficient U.S.-based manufacturers is 5-6 percent at best. The domestic manufacturers, already facing strong pressure to lower their prices and profits from the U.S. Government and their customers, would simply not be able to stay in business.

Of course, closing TeknaMed's business would have a severe human cost in terms of TeknaMed's employees, the majority of whom have worked for the company for over 10 years, with a great many having been with the company for over 15 years. TeknaMed's corporate offices, major manufacturing plant, sterilizer and major distribution hub, as stated above, are located in Columbus, a city of 30,000 people. The area is considered a labor surplus area and both the City and the State have unemployment levels which exceed the national average. Needless to say, any loss of jobs caused by tighter competition would have a tremendous negative impact on this geographic area.

Other localities would face similar plant closings.

4. Threat from Far East

Continuing to reduce duties on products that have always been regarded as textiles, as H.R. 1919 would do, is unwise in other respects. Such action would encourage various countries in the Far East to export finished products made from foreign source polypropylene to the United States market under the duty reductions, thereby flooding the market and disrupting competition. With minimal duties imposed as a result of the continued reductions, it would be attractive to Far Eastern manufacturers to export the complete product (as compared to Kimberly-Clark's HTS subheading 9802.02.00.80 entries), thereby harming domestic gown and drape manufacturers and the manufacturers of both paper-based and manmade fiber-based non-woven fabrics as well.

5. U.S.-Mexico Free Trade Agreement.

The United States is considering negotiating a Free Trade Agreement (FTA) with Mexico. Because Kimberly-Clark is already engaged in the above-described production-sharing operations in Mexico, it appears that H.R. 1919 may be a device to establish precedent and in effect "grand-father" special treatment for surgical gowns and drapes into the U.S.-Mexico FTA. TeknaMed submits that specific provisions in the FTA should be based on merit and must be judged in the context of the entire agreement. Thus any tactic to guarantee favorable treatment for certain products in advance of the negotiations should be rejected.

Conclusion

TeknaMed urges the Subcommittee on Trade to disapprove H.R. 1919. There is no need to continue the existing reductions because Kimberly-Clark has already enjoyed more than eight years of protection during the start-up of its polypropylene fabric manufacturing operations; passage of the legislation would enable Kimberly-Clark to abuse its dominant market position and drive domestic manufacturers of paper surgical gowns and drapes out of business; and would give Far Eastern suppliers the economic incentive to threaten the U.S. market with a flood of completely foreign-origin drapes and gowns. Furthermore, whatever rationale there was for initial passage of the temporary reduction legislation and for the 1990 extension no longer applies due to the change in circumstances, i.e., Kimberly-Clark's refusal to supply the new polypropylene fabric to the former customers of its paper based "Kaycel" fabric, and Customs' reversal of its December 1989 ruling. Passage of the legislation would simply give Kimberly-Clark an unfair competitive advantage. Also, failure to pass the legislation would not harm Kimberly-Clark in any meaningful way because of the significant duty savings that accrue to Kimberly-Clark under HTS subheading 9802.00.80 where duty is paid, as under TSUS item 807, only on the "value added" in Mexico.

For the above reasons, the Committee should not approve H.R. 1919.

TEXTILE RENTAL
SERVICES
ASSOCIATION
OF AMERICA

TRSA

WASHINGTON, D.C., OFFICE:
GALLAND, KHARASH, MORSE
& GARFINKLE, P.C.
1054 31st ST., N.W.
WASHINGTON, D.C. 20007-4492
202/338-2822

HEADQUARTERS:
1130 E. BEACH BLVD., SUITE B
P.O. BOX 1283
HALLANDALE, FL 33008-1283
305/457-7555
FAX 305/457-3890

'91's Double Feature
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- The Clean Show

June 22-27, 1991 ■ Las Vegas, Nevada

REPRESENTING THE TEXTILE RENTAL INDUSTRY:
LINEN SUPPLY, UNIFORM RENTAL, DUST CONTROL,
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AL T. TOUPITCH
Textile Management
GILBERT H. KARCHER
Textile Specifications

June 7, 1991

Mr. Robert J. Leonard
Chief Counsel,
Committee on Ways and Means
1102 Longworth H.O.B.
Washington, D.C. 20515-6348

Re: H.R. 1919

Dear Mr. Leonard:

The Textile Rental Services Association is opposed to H.R. 1919, a bill currently pending before the Subcommittee on Trade of the House Ways and Means Committee. This legislation would extend through December 31, 1994, the existing temporary suspension of the duty on certain disposable surgical gowns and drapes. TRSA believes that such an extension is unjustified, unnecessary and would result in adding to the nation's solid waste disposal problems.

TRSA represents more than 90% of the linen supply industry and over 75% of the industrial laundry industry in the United States. Member companies rent hygienically clean textile items to millions of customers in commerce, industry and the professions. Hospitals, nursing homes, doctors' and dentists' offices, medical and dental clinics, schools and other important human needs institutions are major customers of the textile rental industry.

Disposable surgical gowns and drapes are items used in hospitals, nursing homes and doctors' offices on a one time only basis. After use, these items must be disposed of and constitute part of the solid waste that is added to our country's already overcrowded landfills. Disposable surgical gowns and drapes are not essential items to the health care industry. TRSA member companies provide thousands of hospitals, nursing homes and hundreds of thousands of doctors' offices with surgical gowns and drapes that are hygienic and which can be reused. Reusable surgical gowns and drapes are commonly used in our nation's most prestigious teaching hospitals. Generally, a reusable product is cheaper to use than a disposable product.

Page two.

Reusable products are available in every community throughout the nation. No supply shortage exists that would require switching to a disposable product.

There is no reason that the health care industry needs disposable surgical gowns and drapes. From a health care standpoint, there is no justification for extending the existing temporary suspension of the duty on these products.

An extension of the duty on these products will result in an increase in the use of these products. Given the ever-growing concerns over the solid waste disposal problems facing this country, providing an incentive to continue the use of nonessential disposable products should be discouraged. There is ample justification for having a tariff on these products to encourage the use of disposable products.

We urge you and the members of the Committee to oppose this legislation.

We thank you for your consideration of our position and we would be glad to provide you with any additional information that you may require.

Very truly yours,

Elizabeth A. Whittleton

Elizabeth A. Whittleton
Manager of Legislative Affairs

EAW:ekn

cc: The Honorable Jamie L. Whitten

H.R. 1922

To restore, until January 1, 1995, the rate of duty on myclobutanil that was in effect under the Tariff Schedules of the United States on December 31, 1988

No comments submitted.

H.R. 1923

To temporarily suspend the duty on dicyclopentenyloxyethyl methacrylate

No comments submitted.

H.R. 1924

To extend the temporary duty suspension for certain articles

No comments submitted.

H.R. 1925

To temporarily suspend the duty on 4,5-dichloro-2-n-octyl-4-isothiazolin-3-one

No comments submitted.

H.R. 1926

To extend until January 1, 1995, the existing temporary suspension of the duty on triethylene glycol dichloride

No comments submitted.

H.R. 1927

To temporarily suspend the duty on 2-methyl-4-isothiazolin-3-one

No comments submitted.

H.R. 1928

To amend the Harmonized Tariff Schedule of the United States to clarify the classification of certain motor fuel and motor fuel blending stock

No comments submitted.

H.R. 1929

To extend the existing suspension of duty on certain diamond tool and drill blanks, and for other purposes

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TESTIMONY OF TIM PROBERT

Mr. Chairman and Members of the Subcommittee:

My name is Tim Probert. I am the President of Eastman Christensen, a Drilling Equipment Group Company of Baker Hughes Incorporated headquartered in Houston, Texas.

This statement is submitted on behalf of Eastman Christensen in support of HR 1929, which would extend the existing suspension of duty on imported polycrystalline diamond compact (PDC) tool blanks and drill blanks.

Eastman Christensen is the world's largest supplier of diamond drill bits. More than 75% of these bits use PDC blanks that come in a variety of shapes. To remain competitive in today's global oil service market, we must have access to world quality diamond material at the lowest possible cost. Because polycrystalline diamonds of the required kind and quality must be imported to the U.S., the imposition of a duty would inhibit our ability to compete in world markets. It would also detrimentally affect other U.S. drill bit manufacturers resulting in higher drilling costs for the industry in general.

For the above reasons, we strongly support HR 1929 as being in the best interest of our company and the U.S. diamond bit industry.

Sincerely,

T Probert

Tim Probert
President

June 11, 1991

BEFORE THE
SUBCOMMITTEE ON TRADE
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

TESTIMONY OF MARK HARNDEN

BUSINESS MANAGER, DRILLING PRODUCTS
GE SUPERABRASIVES
IN SUPPORT OF H.R. 1929

Mr. Chairman and Members of the Subcommittee:

My name is Mark Harnden. I am the Business Manager, Drilling Products, for GE Superabrasives headquartered in Worthington, Ohio.

This statement is submitted on behalf of General Electric Company in support of H.R. 1929, a Bill which provides for the extension of the suspension of duty on imported polycrystalline diamond compact ("PDC") tool blanks and drill blanks. These products are manufactured by GE Superabrasives which has manufacturing facilities in Worthington, Ohio and Dublin, Ireland. Both of these facilities are involved in the manufacture of PDC blanks which are distributed throughout the world. These products are used as drill blanks and tool blanks, predominately in the oil and gas exploration industry but also, to a lesser extent, in other mining and industrial applications.

A PDC blank is comprised of randomly oriented, synthetic diamond crystals bonded together by a high-pressure, high-temperature process which may or may not be bonded to a substrate (most typically a cemented tungsten carbide). PDC blanks come in a variety of shapes, including cylinders, triangular prisms, etc.

As noted, PDC blanks are used in a number of natural resource development and other industrial applications. These would include the use of PDC blanks in the manufacture of drill bits used in oil and gas exploration and various mining functions. All major domestic U.S. manufacturers of oil and gas exploration bits purchase PDC blanks.

In section 160 of the Trade and Tariff Act of 1984, a new, temporary tariff provision was established, which suspended duty through December 31, 1987, on PDC tool blanks and drill blanks. In 1988, the duty suspension was reestablished and extended through December 31, 1992, by section 9004(a)(23) of the Technical and Miscellaneous Revenue Act of 1988 ("TMRA"). (Through a drafting error, the extension of duty-free treatment was made effective from the date of enactment, November 10, 1988, rather than January 1, 1988.) The subject bill, H.R. 1929, would continue the duty suspension through December 31, 1995 (and also would permit the refunding of duties paid on imports made in 1988 before the enactment of the TMRA, which imports Congress had intended to keep duty-free).

An examination of events since 1984 reveals that the duty suspension has not been adverse to U.S. production or labor but that it has been beneficial to the domestic users of PDC blanks. First, the duty suspension has not resulted in the transfer of domestic jobs to foreign manufacturers. In November 1984, the Worthington facility -- which accounts for the vast majority of domestic PDC production -- employed 583 production personnel. In December 1990, the Worthington facility had 715 production employees.

Second, General Electric has not used its Irish subsidiary to transfer PDC blank production because of the duty suspension. Fewer than 25 percent of the PDC blanks manufactured by General Electric are produced at our Irish facility and only half of the Irish production is imported into the United States. In fact, the percentage of manufacturing capacity dedicated to PDC blanks at the Irish facility has declined from approximately 50 percent in 1984 to 15 percent currently. The number of Irish employees engaged in PDC blank production has declined from 98 in 1984 to 36 in 1990. There is no real advantage to shifting production to Ireland as the production wage rate is approximately 80 percent of the wage rate for a production worker at the Worthington facility.

Third, GE's imports of PDC blanks have not grown during the period in which the duty suspension has been in effect and, moreover, we are not aware of any foreign competitor having made serious inroads into the U.S. market by virtue of the duty suspension. In 1984, the value of U.S. imports from GE's Irish facility was $5.9 million; in 1990, the value of such imports was $5.8 million. Throughout the period, our imports never exceeded $6.4 million and were frequently below their 1984 level -- i.e., $3.3 million (1986), $2.8 million (1987), and $2.8 million (1989).

Fourth, domestic competition continues to be minimal. Total domestic production, other than General Electric, represents less than 5 percent of U.S. sales of PDC blanks of the type in question. The lack of growth in the domestic industry reflects the failure of oil and gas exploration businesses to recover from the depressed levels existing in 1984. U.S. production other than General Electric is limited in capacity and has not been a factor in the marketplace even during the period when the oil and gas exploration industry was strong.

Finally, while having no adverse affect on the domestic PDC industry, the duty suspension has been reflected in reduced prices to purchasers of PDC blanks. Since 1984, drill blank and tool blank prices have been reduced by approximately 8 and 11 percent, respectively -- a result clearly consistent with the intent of the original legislation which was expected to benefit the depressed oil and gas exploration industry. The reinstitution of duties on PDC blanks would result in higher costs to drill bit manufacturers resulting in higher drilling costs. As you know, oil and gas exploration has not rebounded to the levels enjoyed in the early 1980's. Consequently, it continues to be important to support the availability of low-cost raw materials so that drill bit manufacturers using PDC blanks can maintain competitive prices and preserve their economic viability.

For all the foregoing reasons, H.R. should be enacted into law.

H.R. 1930

To exempt semiconductors from the country of origin marking requirements under the Tariff Act of 1930

Statement of Intel Corporation
in Support of
H.R. 1930
Exempting Semiconductors from
Country of Origin Marking Requirements

Intel Corporation, a large U.S. manufacturer of semiconductors and computer systems, urges passage of H.R. 1930. This bill, introduced by Representative Archer, will exempt semiconductors from country of origin marking requirements. Intel supports this bill because its passage will result in a significant cost savings for Intel in its world-wide operations.

This bill removes the country of origin marking requirements for all semiconductors and their containers classified in headings 8541 and 8542 of the Harmonized Tariff Schedule of the United States. The products of interest to Intel are primarily microprocessors and memory devices.

The bill will reduce production and administrative expenses by eliminating the cost and difficulty associated with country of origin marking requirements. Integrated circuits are small and often difficult to legibly mark with the requisite producer identification and his numbers, grade, quality, electrical values and other symbols. While these costs are not great for individual devices, they are significant in absolute terms.

Moreover, the elimination of the U.S. marking requirement will harmonize U.S. practice with our major trading partners, which do not require country of origin marking. This is important since one of those partners, the European Communities, determines country of origin on a different basis than the United States. The United States determines a semiconductor's origin based on the country of final assembly while the EC makes that determination based on the country where the diffusion process takes place. While EC member states do not require marking, they do require that a product not be mislabeled. This creates an export disadvantage for Intel and other companies who ship semiconductors to the EC that are subject to U.S. marking requirements. It will force them either to remove country of origin marking for products exported to the EC or to set up costly administrative tracking procedures designed to insure that the conflicting rules are not violated.

Intel believes that the most expedient method of solving this problem is elimination of the U.S. marking requirement by the passage of H.R. 1930.

Country of origin marking requirements on semiconductors serve no purpose that cannot be achieved in some other manner. Generally, country of origin marking requirements serve as a consumer protection measure. However, since semiconductors normally are not sold at retail, consumer protection is not an issue. Industrial users, the principal purchasers of semiconductors, are mainly concerned about the product's quality, which is more a function of its producer than its origin.

Even without country of origin marking, the origin of a semiconductor device can be determined by other means. First, the documentation that accompanies each shipment will indicate the country of origin. Secondly, many manufacturers place product codes on their devices which indicate the facilities where they were diffused and assembled. Therefore, if the need arises, origin can still be determined without the name of the country printed on the product in question.

In addition to eliminating the marking requirement on the semiconductor device itself, this bill also eliminates the requirement for marking semiconductor containers. The elimination of the marking of the semiconductor container is just as important as the elimination of country of origin marking on the device in order to deal with the problems associated with the different semiconductor origin rules existing in the United States and the EC. Without eliminating the marking of the container, the cost of complying with those different standards would not be significantly reduced.

It is important to note that this bill, unlike most miscellaneous tariff bills, will not have a negative effect on revenues. In fact, it may have some small positive impact on expenditures by reducing the cost of enforcing country of origin marking requirements.

For all these reasons, Intel believes country of origin requirements serve no useful purpose and simply add to the cost of producing and selling semiconductors in the international market and therefore strongly recommends the passage of H.R. 1930.

Statement of the Semiconductor Industry Association in Support of H.R. 1930 Exempting Semiconductors from Country of Origin Marking Requirements

The Semiconductor Industry Association strongly supports the passage of H.R. 1930, introduced by Representative Archer, which exempts semiconductors from country of origin marking requirements.

This bill removes the country of origin marking requirements for semiconductors and their containers classified in headings 8541 and 8542 of the Harmonized Tariff Schedule of the United States. The products provided for under these headings include diodes, transistors, integrated circuits and microassemblies.

The elimination of the U.S. marking requirement will largely remove the problems associated with the different methods for determining country of origin for semiconductors by the United States and the European Communities. The United States determines a semiconductor's origin based on the country of final assembly while the EC looks to the country where the diffusion process takes place. SIA members that ship to both markets may violate EC law when shipping a semiconductor to the EC that is marked according to U.S. standards. The reason is that EC member states, while not requiring marking, do require that a product not be mislabeled. To avoid violating EC member state law, the producer would have to remove the U.S.-required marking before export from the United States, which is a possible violation of U.S. law.

SIA strongly believes that the elimination of the U.S. marking requirement is a simple way to solve this problem.

Further, the effect of this bill will be to eliminate the cost and difficulty associated with country of origin marking requirements. While the cost of marking semiconductors is not great when amortized over a production run, the cost is significant to SIA member companies in absolute terms. In addition, the statute requires legible marking of the country of origin. Most of these components are small and often difficult to legibly mark with the requisite statutory marking and the producer identification, grade, quality, electrical values and other symbols or numbers that may be required by the users. Therefore, compliance with the country of origin marking requirement can be very difficult.

There is little or no negative effect to eliminating marking on semiconductors. Country of origin marking requirements mainly serve as a consumer protection measure. Since very few semiconductors are sold at retail, consumer protection is not an issue. The purchasers of semiconductors are mainly concerned about the product's quality, which is more a function of its producer than its origin.

The origin of semiconductors can still be determined from the documentation that accompanies each shipment and, in many cases, from codes that manufacturers place on their products. Therefore, if an issue of origin arises, origin can still be determined without the name of the country printed on the product in question.

In addition to eliminating the marking requirement on the semiconductor device itself, this bill also eliminates the requirement for marking semiconductor containers. Again, this is necessary to deal with the problems associated with the different semiconductor origin rules which exist between the United States and the EC.

For all these reasons, SIA believes country of origin requirements serve no useful purpose and simply add to the cost of producing and selling semiconductors in the international market.

H.R. 1931

To provide a separate tariff classification for, and to suspend temporarily the duty on, certain opal borosilicate glassware imported in sets

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See also Pfaltzgraff Co. under H.R. 1876

May 23, 1991

American Flint Glass Workers Union
AFL-CIO

NATIONAL HEADQUARTERS
1440 SOUTH BYRNE ROAD
TOLEDO, OHIO 43614
419/385-6687
FAX: 419/385-8839

LAWRENCE BANKOWSKI
President
RICHARD G. MORGAN
First Vice-President
JOE COCCHO
Second Vice-President
ROBERT P. ROSSER
Third Vice-President
IVAN T. UNCAPHER
Secretary-Treasurer
L. DALE LAMB
Assistant Secretary

George M. Parker
President Emeritus

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

I am writing on behalf of the members of the American Flint Glass Workers Union to express our serious concern about a proposed bill (H.R. 1931) to permanently reduce and temporarily suspend the duty on opal borosilicate glass kitchenware. We hope after considering our views, you and members of the Committee on Ways and Means will oppose the bill.

We believe that enactment of H.R. 1931 will seriously injure our industry. It will permanently reduce and temporarily suspend the 30 percent duty that is currently applied to imports of opal borosilicate glass kitchenware. This will obviously give foreign manufacturers in Mexico and other countries a substantial cost advantage that they currently do not have, thus enabling them to make greater inroads into the U.S. market at the expense of American workers.

The glass kitchenware industry is extremely import sensitive. The 30 percent duty has remained in place because of this import sensitivity. In fact, much of the glass industry has been exempted from tariff cuts in past multilateral trade negotiations and from duty-free treatment under the Generalized System of Preferences (GSP) because of this import sensitivity.

The adverse impact of H.R. 1931 on employment in our industry cannot be underestimated. Employment in the pressed or blown glassware industry has fallen consistently over the last decade from 59,000 jobs in 1978 to 42,000 jobs in 1990. This declining trend has continued into 1991 with the industry losing more jobs compared to last year's levels. Enactment of H.R. 1931 will aggravate this decline. The firms we work with estimate that it could result in the loss of hundreds of jobs in West Virginia, Pennsylvania, Ohio and New York. These jobs are good paying manufacturing jobs which would just be exported to Mexico and other countries.

Now, I know that proponents of the bill claim that no domestic manufacturers or workers will be hurt by this bill because opal borosilicate glass kitchenware is no longer manufactured in the United States. This argument simply doesn't hold water. Opal borosilicate glass kitchenware competes directly with other types of glass kitchenware made in the United States because they are all used for the same purpose (i.e. to prepare, store or serve food). Moreover, the U.S. product is priced competitive with imports. Otherwise, proponents of this legislation would simply not be interested in the duty suspension.

Most of the glass plants which will be affected are located in the small towns of America where they are the economic mainstay of the community. We have attached a list of the companies and towns where these plants are located. Please, don't sacrifice any more American jobs. Our people have already been hurt enough.

The impact of H.R. 1931 on our industry is clear. If it is enacted, it will export good paying manufacturing jobs to foreign countries. We can see no way in which the bill serves the national interests and respectfully request that you oppose it.

Thank you for taking our views into consideration.

Sincerely,

Lawrence Bankowski

Lawrence Bankowski
National President

LB/ls
Attachment

Anchor Hocking Glass Company
Lancaster, Ohio

Corning Incorporated
Charleroi, Pennsylvania

Corning Incorporated
Corning, New York

Corning Incorporated
Greencastle, Pennsylvania

Corning Incorporated
Greenville, Ohio

Corning Incorporated
Martinsburg, West Virginia

Holophane Company, Inc.
Newark, Ohio

Statement of
The Newell Company and
Anchor Hocking Glass Company
Concerning H.R. 1931 and H.R. 1971
Before the Subcommittee on Trade
Committee on Ways and Means
U.S. House of Representatives
May 31, 1991

Anchor Hocking Glass Company of Lancaster, Ohio, a division of the Newell Company of Freeport, Illinois, opposes two duty suspension bills, H.R. 1931 and H.R. 1971, which are currently being considered by the Subcommittee on Trade. Anchor Hocking manufactures diversified product lines of household glassware, including beverageware, tableware, ovenware, and assorted household articles.

H.R. 1931: Opal Borosilicate Glassware

H.R. 1931 proposes to temporarily suspend the duty on opal borosilicate glassware, including ovenware and dinnerware, and permanently reduce the duty on such products from the current level of 30 percent to 7.2 percent.

Anchor Hocking Glass Company produces soda lime glassware that competes directly with the opal borosilicate glassware that is the subject of this bill. While borosilicate possesses certain heat properties that are different from soda lime, such differences do not distinguish the products in either use or price. Both borosilicate and soda lime can be used to manufacture relatively low-priced ovenware.

Anchor Hocking shifted production out of borosilicate and into soda lime because it could produce soda lime products more cheaply than borosilicate products. Thus, U.S. producers have not shifted out of borosilicate production to produce higher priced, higher profit items. Rather, Anchor Hocking shifted to soda lime production to remain competitive with the pricing practices of foreign manufacturers of opal borosilicate, including those in Mexico. In fact, the opal borosilicate products referenced in the bill continue to be priced less than those manufactured by Anchor Hocking.

Furthermore, Anchor Hocking's products travel in the same channels of distribution as imported opal borosilicate products, that is via door to door sales. Anchor Hocking's products that are sold door to door compete directly with products which are the subject of the bill. Anchor Hocking also sells its products through retail outlets, where the ovenware, being comparable to borosilicate products in quality and price, compete indirectly with those products sold door to door.

In addition, Corning, Inc. continues to manufacture borosilicate cookware in the United States. While Corning's products are clear or amber rather than opal, the properties and uses of the products are identical; only the color is different. Thus, borosilicate glassware continues to be manufactured in the United States.

Finally, we believe that tariff initiatives designed to benefit Mexico, as this one is, (see attached comments of Mr. Bustamante and text of amendment which limits duty suspension to goods "imported by truck directly from the country of origin"), are more appropriately considered within the framework of the impending negotiation of a North American Free Trade Agreement ("NAFTA"). The NAFTA negotiations provide an opportunity for the International Trade Commission and the U.S. Trade Representative to examine in-depth the likely implications of reducing tariffs on particular items.

H.R. 1971: Glass Ceramic Kitchenware

H.R. 1971 proposes to reduce the duty on glass ceramic kitchenware from its present level of 26 percent to 8 percent. Furthermore, the bill proposes to make the duty reduction retroactive to articles entered after December 31, 1988.

Anchor Hocking manufactures tempered glass ovenware and cookware that directly compete with the glass ceramic items contemplated by the bill. Although Anchor Hocking's products are made of soda lime glass rather than glass ceramic, Anchor Hocking's products and the products referenced in the bill are sold (1) through the same channels of trade (i.e., retail trade), (2) to the same consumers, and (3) for the same uses.

The bill's stated purpose is "to restore the tariff rate applicable to glass ceramic cookware prior to the effective date of the Harmonized Tariff Schedule of the United States." Thus, the bill intimates that articles currently classified in Harmonized Tariff Schedule ("HTS") category 7013.10.50 at a duty rate of 26 percent were assessed a duty rate of 8 percent under the Tariff Schedule of the United States ("TSUS"). However, examination of the published correlation of the TSUS and the HTS do not bear this out. The correlation (the relevant pages of which are attached) indicates that HTS 7013.10.50 correlates to TSUS category 533.79, which was also assessed a 26 percent duty rate (see attached page of TSUS tariff schedule). Thus, it would appear that HTS category 7013.10.50 was properly assigned a 26 percent duty rate at the time the U.S. tariff system switched from the TSUS to the HTS.

Conclusion

Because there is substantial domestic production of products that directly compete with the products that are the subjects of these two bills, we urge the Subcommittee on Trade to disapprove these duty suspension bills.

Respectfully Submitted,

Patricia A. Zinski
Alan F. Holmer
Patricia A. Zinski

Sidley & Austin
1722 Eye Street, N.W.
Washington, D.C. 20006

Counsel to:

Anchor Hocking Glass Company
(Frederick L. Contino, Vice President, Marketing)
The Newell Company

EXHIBIT

mines to be among the most effective in the United States.

All federally funded facilities must participate in the program or risk loss of funding. Those facilities that do participate will benefit from this information sharing program. My bill addresses and offers a solution to the problems of lack of knowledge on the effectiveness of existing programs, lack of evaluation of existing programs and lack of new treatment for cocaine abuse.

The bill also requires that all Federally-funded facilities provide the Secretary of HHS with an annual report summarizing the number of individuals who were provided treatment by their facility, the number of individuals who requested treatment and were denied and how Federal money were spent by those facilities. Failure to do so would result in a loss of funding. In this way, facilities would be held accountable for the way they apportion Federal money.

This provision of the legislation requires the Secretary of HHS to then submit one report to Congress, summarizing the information gathered from federally funded drug treatment facilities across the Nation. This information would be helpful to Congress in determining the need for drug treatment in America and more precise funding levels for all facilities.

I urge my colleagues to cosponsor this legislation. Knowledge about the effectiveness of present drug treatment programs and their costs is extremely limited. My legislation offers a solution to this problem through better communication between the Federal Government and public and private drug treatment facilities.

A CONGRESSIONAL SALUTE TO MR. HAROLD COWAN

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 23, 1991

Mr. ANDERSON. Mr. Speaker, I rise today to pay tribute to Harold Cowan, a good friend of southern California business and education. Mr. Cowan, a long-time resident of the harbor area, will retire after 38 years of service to the aerospace industry and as a quality assurance engineer. This occasion gives me the opportunity to express my deepest appreciation for his years of service to both the aerospace industry and the community.

Harold was born in North Little Rock, AR on December 30, 1926. After serving as high school valedictorian, he graduated with honors in biology and chemistry from State College, Pine Bluffs, AR, now the University of Arkansas. Following his graduation, Harold spent 3 years as a high school teacher and basketball coach.

On December 30, 1950, Harold married Jewel I. Smith. The couple moved to Los Angeles in 1953. After arriving in California, Harold spent several years of study in business, metallurgy, biochemistry, and education at Los Angeles State College, Long Beach State University, UCLA, USC, and the Douglas Aircraft Management Institute. He received a lifetime teaching credential and a M.S. degree from USC in 1980 in systems management.

Harold has, and continues, to work diligently in various community and civil rights organizations including the NAACP. He served as president of the San Pedro/Wilmington NAACP, treasurer and membership chair of the NAACP, and chair of the NAACP's Annual Freedom Fund and Awards Banquet. He has been working in the civil rights field for many years and was involved in marching and raising funds in many of the landmark Supreme Court decisions concerning institutionalized discrimination. He is also a member of the Harbor City Homeowner's Association, and the First United Methodist Church of Wilmington.

In addition to his contributions to the community, Harold has had numerous significant professional achievements. He was twice awarded the Douglas Aircraft/McDonnel Douglas Corp.'s highest award for "Outstanding Achievement for Quality Engineering/Technical Performance and Cost Savings." He has published seven articles, and presented numerous technical papers. He has also been an instructor of quality management and quality engineering as well as physiology, math, and general sciences at Long Beach City College and Los Angeles City College.

My wife, Lee, joins me in extending our thanks for Harold Cowan's contributions to the community. The aerospace industry is losing an extremely valuable member. He is a truly remarkable individual who has devoted his talents and energies to enriching the lives of so many others. We wish Harold, his wife Jewell, their children, Cynthia, and Sharon, and their grandchildren Melanie, and Richard, all the best in the years to come.

TARIFF LEGISLATION FOR OPAL BOROSILICATE GLASSWARE

HON. ALBERT G. BUSTAMANTE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 23, 1991

Mr. BUSTAMANTE. Mr. Speaker, on April 18, I introduced legislation, H.R. 1931, which addresses an inequity which currently exists between the United States and Mexico. H.R. 1931 addresses the issue of a low cost consumer product—opal borosilicate glassware, including ovenware and dinnerware—which is no longer produced in this country in large quantities. The product, made in Mexico, is distributed nationwide by Crisa Corp. in Laredo, TX, which I have the privilege of representing. The Crisa Corp. has grown from a small distribution operation to one of the leading employers in Laredo.

I strongly urge the Committee on Ways and Means to approve this measure to provide for a separate tariff classification and a temporary duty suspension on opal borosilicate glassware imported in sets.

Opal borosilicate glassware is a special type of ovenware and kitchenware which, because of its particular manufacturing process, is able to withstand thermal shock greater than ordinary glass, or even tempered glass. However, the price of opal borosilicate glassware to U.S. consumers is artificially inflated by a 30-percent import duty. H.R. 1931 would permanently reduce the duty to 7.2 percent and temporarily suspend the duty entirely.

Other kinds of glass and glass-ceramic ovenware and kitchenware products are made in the United States. In fact, U.S. producers' share of high quality, increasingly sophisticated products of this type, with well-established household brand names, dominate the market for these products. In a market estimated to be hundreds of millions of dollars, annual imports of opal borosilicate glassware are less than $7 million.

Because of the unique heat resistant properties, opal borosilicate glassware comprises a distinct product category which is not made in the United States. Its unique heat resistant properties are attained through the manufacturing process itself, rather than after the manufacturing process. It is also distinct from U.S. manufacturers' products in terms of distribution channels. U.S. producers' glass and glass-ceramic products dominate the shelves of mass merchandisers, major retailers and even grocery chains. Opal borosilicate glassware is sold almost exclusively door to door, in order to better reach the low to moderate-income consumer who provides the demand for the product.

While U.S. producers manufactured opal borosilicate glassware in the past, they abandoned this product in favor of newer, higher technology, and higher priced, products. The result has been a void in the low end of the market. The bill I have introduced would allow this void to be filled, to the benefit of U.S. consumers, and without detriment to U.S. manufacturers who have stopped making this product in favor of higher priced, higher profit items.

Over the past 5 years, Mexico has taken significant steps to open up its markets to United States products. Mexico has liberalized its trade regime by joining the GATT, eliminating many nontariff barriers which had been in place for years, and significantly reducing import tariffs. In fact, Mr. Speaker, Mexico's highest prevailing tariff rate is 20 percent ad valorem. In contrast, the United States currently imposes a 30-percent ad valorem duty on opal borosilicate glassware. This extremely high rate of duty—even by U.S. standards—continues to be imposed even though the product is no longer produced in the United States. I urge my colleagues to support the legislation.

PROCLAMATION DESIGNATING JUNE 3-7, 1991 AS MANAGEMENT WEEK IN FLORIDA

HON. JIM BACCHUS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 23, 1991

Mr. BACCHUS. Mr. Speaker, I rise today in strong support of the State of Florida's Proclamation designating June 3-7, 1991, as Management Week in Florida. The National Management Association is a professional, nonprofit organization with more than 72,000 members. I am proud of the public service and civic involvement of the association as it promotes unity in management through education and fellowships. Mr. Speaker, I am inserting Florida's proclamation in the CONGRESSIONAL RECORD as recognition of management as a profession and hope that all concerned citizens observe June 3-7, 1991, as Management Week in Florida.

EXHIBIT 2

Cross-reference between the Proposed Harmonized Tariff Schedule and the 1987 Tariff Schedules of the United States Annotated

HTS No.	TSUSA No.	HTS No.	TSUSA No.	HTS No.	TSUSA No.	HTS No.	TSUSA No.
70120000	5453100	70132950	5466620	70133950	5466640	70139990	5466860
70120000	5453400	70132960	5466820	70133960	5462500	70140010	5406500
70120000	5453500	70133110	5461120	70133960	5466840	70140020	5406700
70120000	5453700	70133120	5461320	70139110	5461140	70140030	5456100
70131000	5337900	70133130	5461820	70139120	5461340	70140030	5456200
70132110	5461120	70133150	5462020	70139130	5461840	70140050	5456300
70132120	5461320	70133210	5463800	70139150	5462020	70140050	5456400
70132130	5461820	70133220	5465240	70139150	5462040	70140050	5456700
70132150	5462020	70133220	5466040	70139910	5462100	70151000	5406300
70132905	5463800	70133230	5466640	70139910	5462300	70159010	5471100
70132910	5462300	70133240	5466840	70139910	5462500	70159010	5471500
70132910	5463520	70133910	5463800	70139910	5463540	70159020	5471300
70132910	5465220	70133920	5462300	70139920	5463800	70159020	5471500
70132920	5462300	70133920	5462500	70139930	5463900	70159050	5471500
70132920	5462500	70133920	5463520	70139930	5464700	70159050	5471600
70132920	5463520	70133920	5465240	70139935	5480500	70159050	5480500
70132920	5466020	70133920	5466040	70139940	5465260	70161000	5405100
70132930	5466220	70133930	5466240	70139950	5466060	70169010	5404700
70132940	5466420	70133940	5466440	70139960	5466260	70169010	5404710
70132950	5462500	70133950	5462500	70139970	5466460	70169010	5404720
70132950	5463520	70133950	5463520	70139980	5466660	70169050	5405500

EXHIBIT 3

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty		
				1	Special	2
		Articles chiefly used for preparing, serving, etc. (con.):				
		Of chinaware or of subporcelain (con.):				
		Household ware (con.):				
		Of nonbone chinaware or of subporcelain (con.):				
		Not available in specified sets:				
533.72	00	Steins with permanently attached pewter lids..........	Doz.pcs.	9% ad val.	Free (E,I)	70% ad val.
533.74	00	Mugs and other steins.........	Doz.pcs.	17.5% ad val.	Free (E,I)	70% ad val.
533.76	00	Candy boxes, decanters, punch bowls, pretzel dishes, tidbit dishes, tiered servers, bonbon dishes, egg cups, spoons and spoon rests, oil and vinegar sets, tumblers, and salt and pepper shaker sets............	Doz.pcs.	9% ad val.	Free (E,I)	70% ad val.
533.78	00	Cups valued over $8 per dozen; saucers valued over $5.25 per dozen; soups, oatmeals, and cereals valued over $9.30 per dozen; plates not over 9 inches in maximum diameter and valued over $8.50 per dozen; plates over 9 but not over 11 inches in maximum diameter and valued over $11.50 per dozen; platters or chop dishes valued over $40 per dozen; sugars valued over $23 per dozen; creamers valued over $20 per dozen; and beverage servers valued over $50 per dozen.................	Doz.pcs.	8% ad val.	Free (E,I)	75% ad val.
533.79	00	Other articles................	Doz.pcs.	26% ad val.	Free (E,I)	75% ad val.
534.11	00	Statues, statuettes, and hand-made flowers, all the foregoing not specially provided for, of ceramic ware, valued over $2.50 each and produced by professional sculptors or directly from molds made from original models produced by professional sculptors..	X.......	3.1% ad val. 1/	Free (A,E,I)	20% ad val.

1/ Duty temporarily reduced. See item 947.29 in part 2, Appendix to the Tariff Schedules, and general headnote 3(d)(ii).

TESTIMONY ON H.R. 1931 BY CORNING INCORPORATED SUBMITTED TO THE SUBCOMMITTEE ON TRADE HOUSE WAYS AND MEANS COMMITTEE

JUNE 12, 1991

Corning Incorporated is opposed to enactment of H.R. 1931, a bill to permanently reduce the duty on opal borosilicate glass kitchenware to 7.2 percent and to temporarily suspend the duty through December 31, 1994.

Our opposition to this legislation is based on the serious negative impact it would have on Corning's production of glass and glass ceramic cookware, specifically Corning Ware® and Visions®. Corning operations and employment in Martinsburg, West Virginia and Charleroi, Pennsylvania are dependent on Corning's ability to continue to maintain U.S. market share in these product categories.

We are particularly concerned about the impact this duty reduction would have on our ability to compete against our Mexican competitor. If enacted, H.R. 1931 would confer a permanent tariff reduction of more than 22 percentage points to the Mexican supplier of opal borosilicate glass kitchenware and a temporary tariff reduction of 30 percentage points through December 31, 1994. It would do so by creating a new tariff category for opal borosilicate kitchenware imported by truck, permanently lowering the Column 1 duty rate to 7.2 percent, and suspending the existing duty.

Corning believes that this new proposed category would primarily include glass cookware and ovenware now entering the United States under HTS 7013.39.20 at a Column 1 duty of 30 percent. Product entering the United States from Mexico under this heading is price competitive with Corning product and competes directly with Corning's cookware -- Corning Ware® and Visions®.

In 1989, Mexico was the third largest exporter of product classified under HTS 7013.39.20 to the United States, exporting $2.3 million of product. This is particularly troubling as total U.S. shipments of glass cookware and ovenware have been on a steady decline since 1983 from 143.8 million pieces to 95.6 million pieces in 1989, as shown below. The duty reduction called for in H.R. 1931 cannot be justified in light of the fact that Mexico continues to increase U.S. sales in an environment of a shrinking U.S. market.

U.S. PRODUCERS SHIPMENTS OF GLASS COOKWARE, OVENWARE AND KITCHENWARE
(IN MILLIONS OF PIECES)

	1983	1984	1985	1986	1987	1988	1989
Shipments	143.8	103.6	100.5	101.5	99.0	82.3	95.6

Source: "Current Industrial Report: Consumer, Scientific, Technical and Industrial Glassware," U.S. Bureau of Census, 1984-87 reports.

H.R. 1931 should also be rejected because its passage would damage an industry which has a long history of import sensitivity. Glass cookware and ovenware is an integral part of the glassware industry. The same basic manufacturing processes and workers are used to produce all types of glassware, regardless of whether or not it is ovenware, cookware, kitchenware, or some other item made of glass. The statistics below demonstrate this extreme import sensitivity. H.R. 1931 should be rejected because it will exacerbate the import trend in an industry where:

- Domestic U.S. consumption is stagnant (or in decline in the case of ovenware and cookware) with the market share of imports having increased in current dollar terms from 22.6% in 1981 to 44% in 1988.

- Imports as a percentage of total U.S. consumption in glassware is actually higher than in other industries such as steel and textiles that are generally regarded as import sensitive.

- The United States is the largest glassware importer in the world, both in absolute terms and on a per capita basis indicating that tariff reductions are not needed to encourage imports.

GLASSWARE CLASSIFIABLE UNDER TSUS 546 ITEMS AND HTS 7013 ITEMS: APPARENT CONSUMPTION, IMPORTS, AND IMPORTS AS A PERCENTAGE OF APPARENT CONSUMPTION

(millions of U.S. dollars)

Year	Net Domestic Producers Shipments	Exports	Imports	Total U.S. Consumption	Imports % of Total U.S. Consumption
1976	$675	$64	$94	$705	13.3%
1977	$729	$69	$113	$773	14.6%
1978	$779	$90	$168	$857	19.6%
1979	$806	$89	$210	$927	22.6%
1980	$864	$103	$240	$1,001	24.0%
1981	$970	$114	$252	$1,108	22.7%
1982	$1,009	$ 83	$282	$1,209	23.4%
1983	$912	$ 63	$339	$1,188	28.5%
1984	$946	$ 65	$463	$1,343	34.5%
1985	$800	$ 49	$472	$1,223	38.6%
1986	$813	$ 46	$537	$1,304	41.2%
1987	$811	$ 59	$550	$1,301	42.3%
1988	$811	$ 69	$581	$1,323	44.0%

Source: Department of Commerce

Glassware has historically been identified as import sensitive and has been excluded from tariff reductions as a matter of policy. Prior duty suspension bills similar to H.R. 1931 have been rejected by both the Congress and the Administration for these reasons. In addition, glass ovenware and cookware have been excluded from tariff reductions in previous multilateral trade negotiations. And, 125 product-addition GSP petitions affecting glassware were rejected by the U.S. government in the last annual review because of the industry's import sensitivity.

Finally, approval of H.R. 1931 makes no sense in light of the ongoing Uruguay Round and newly initiated free trade talks with Mexico. In both cases, enactment of H.R. 1931 would be tantamount to a unilateral tariff concession on the part of the United States. Mexico should seek changes in this tariff category as part of these negotiations instead of in isolation from them.

Timothy J. Regan
Director of Public Policy
Corning Incorporated

DURAND
International

EXECUTIVE OFFICES
MILLVILLE, NEW JERSEY 08332 (609) 825-5620

June 10, 1991

Robert J. Leonard
Chief Counsel, Ways and Means Committee
U.S. House of Representatives
1102 Longworth House Offices Building
Washington, DC 20515.

Dear Mr. Leonard :

The Ways and Means Committee had invited public comments on H.R.1931 in its press announcement of May 8. Durand International, a leading glass producer based in Millville, New Jersey, has serious reservations on the adoption of this bill for the reasons discussed below.

Durand believes that the bill is, at the outset, so narrow in its definition for a new glassware category in the Harmonized Tariff Schedule that the beneficiaries of this bill are few. Furthermore, the proposed tariff classification digresses, without cogent reasons, from common norms followed in all other headings or subheadings in section 7013. First, all other headings and subheadings in this section are based on product description that is based on general material characteristics and on price levels. The only exception is 7013.1010, which has been frequently criticized as being highly restrictive and favoring a single manufacturer - Corning. Tariff definitions that are so narrow as to meet product specifications of particular manufacturers are morally wrong and are not conducive to encouraging free trade. Second, market research has repeatedly shown that consumers relate mainly to external product features, utility, and properties such as break/thermal resistance, while being indifferent to raw material composition of table and kitchen glassware. Therefore, such a narrow definition is not warranted from a consumer point as well. Third, the nature of packaging - be it in sets or open stock - is entirely a merchandising issue, and is unrelated to major tariff considerations. Finally, specifying road transportation as the mode of entry into the United States discriminates completely against similar products from other countries that do not reasonably have that option available, thereby limiting the benefits of this classification primarily to manufacturers in Canada and Mexico.

Based on our knowledge of the glassware industry, and its various players, in the United States, it clearly appears to us that Crisa, a subsidiary of the glass conglomerate Vitrocrisa, will be the principal beneficiary of the proposed tariff classification. Crisa operates state-of-the-art manufacturing facilities that are on par, at the least, with those in the United States and other developed countries, while enjoying significant competitive advantages arising from lower labor costs and subsidized energy costs in Mexico. Furthermore, imports from Mexico under the existing tariff classification, 7013.3910, increased 80% in 1990 from the year before. Thus, the current tariff rate of 12.5% has not been a hindrance to Mexican manufacturers from penetrating the United States market, and therefore does not warrant the lower tariff of 7.2% nor the temporary suspension of duty. While the current rate has allowed Mexico - and primarily Crisa - to garner sales away in a mature market from domestic and other producers, high tariff and non-tariff barriers, however, do not allow equal access to the Mexican market. A captive domestic market coupled with liberal access to the United States market would be unfairly advantageous to Mexican producers while making mockery of the ideals of free worldwide trade that are so dearly cherished in the United States.

In conclusion, we urge the Ways and Means Committee to vote against the proposal to create a new tariff classification as outlined in H.R. 1931.

Thank you for this opportunity to express our views on such important trade policy matters.

Sincerely yours,

NBodapati

Narsi Bodapati
Market Development Manager

H.R. 1933

To suspend for a 3-year period the duty on Resin diaion HP 20

See Merck & Co., Inc., under H.R. 1807

H.R. 1934

To extend the existing suspension of duty on certain wood veneer

BROOKSIDE
VENEERS·LTD

STATEMENT OF BROOKSIDE VENEERS ON H.R. 1934 TO PROVIDE FOR THE CONTINUED TEMPORARY SUSPENSION OF DUTIES ON CERTAIN TYPES OF WOOD VENEER

Submitted to the Trade Subcommittee, Committee on Ways + Means
U.S. House of Representatives
June 11, 1991

We wish to thank the Subcommittee for the opportunity to submit a statement in support of passage of H.R. 1934, introduced by Congressman Bernard Dwyer, which would provide for the continued suspension of duties on certain types of wood veneer. The bill would provide tariff relief for a hardwood veneer imported by Brookside Veneers Ltd. of Metuchen, New Jersey.

In October of 1989, we supported passage of H.R. 3231 and S.2086, which provided for the suspension of duty on a hardwood veneer commercially know as reconstructed or manmade veneer. Those bills corrected a mistaken technical distinction in the tariff treatment of reconstructed veneer compared to all other hardwood veneers, which had resulted in a duty of 5.1 percent for reconstructed veneer while all other hardwood veneers entered the country duty free, despite their use for the same purposes. By suspending the duty on reconstructed veneer, the 1989 bill corrected the unfair duty differential, and H.R. 1934 would continue that suspension.

In 1981, Congress enacted a tariff bill suspending duties on wood veneer imports (P.L. 96-604). The purpose of that bill was to enhance the competitiveness of the American plywood and furniture industry versus imported plywood. However, its drafters were not aware that manufacturing developments would allow for the production of veneer by different methods, and it contained a technical definition of wood veneer which U.S. Customs determined did not include reconstructed veneer. Thus, the veneer that Brookside imports, although practically identical in appearance and completely identical in use to other wood veneers, was excluded from duty-free treatment, even though it contributes equally to the competitiveness of American industry. The report accompanying the 1981 bill (H.R. 5047) clearly indicated that Congress wished to eliminate the duty on all wood veneer regardless of production methods. Therefore, S.2086 corrected the differing tariff treatment of reconstructed and other wood veneers, and H.R. 1934 would continue that correction.

Since 1990, American industry has been able to import reconstructed veneer duty-free along with other veneers. This has allowed our plywood and furniture producers to be more competitive as originally intended by Congress. They continue to use and require both types of veneers so that the continued suspension of duty on reconstructed veneer will advance the original Congressional intent of enhancing the competitiveness of U.S. industry. Additionally, reconstructed veneer is not produced in the United States and duty-free entry would not harm any U.S. producer of a like or similar product. Therefore, Brookside Veneers requests the Congress to continue the suspension enacted in 1990 by passing H.R. 1934.

hpma HARDWOOD PLYWOOD MANUFACTURERS ASSOCIATION

June 13, 1991

Mr. Robert J. Leonard
Chief Counsel, Committee on Ways and Means
U.S. House of Representatives
Longworth House Office Building
Room 1102
Washington, D.C. 20515

Dear Mr. Leonard:

Thank you for the opportunity to comment in support of the passage of H.R. 1934 which would extend the existing suspension of duties on certain wood veneer. The Bill was introduced by Congressman Bernard J. Dwyer, April 18, 1991.

The Hardwood Plywood Manufacturers Association is an international trade association representing more than 140 North American manufacturers of hardwood plywood and veneer. Our members account for approximately 75% of the U.S. production of these products.

In 1981, Congress enacted a tariff bill which suspended duties on wood veneer imports. The measure allowed U.S. plywood producers and their customers to obtain veneer at a lower cost thus retaining their ability to compete with imported plywood products. The report accompanying that legislation clearly indicated that Congress intended to allow the duty free import of all wood veneer regardless of how it was produced. However, the legislation only provided for duty free treatment of veneer produced directly from logs or flitches. The drafters were apparently unaware that veneer can also be produced from blocks composed of sheets of veneer. This product is known commercially as manmade or reconstructed veneer.

A technical interpretation by the U.S. Customs Service caused reconstructed veneers to continue being assessed a duty even though they are practically identical in appearance and completely identical in use to traditional veneer. The difference in tariff treatment is not justified.

We, therefore, encourage approval of H.R. 1934 to extend the existing suspension of duties on reconstructed veneer.

Diane Montoya
Diane Montoya
Chairman of the Board

BO-17:kmt

1825 Michael Faraday Drive, P.O. Box 2789, Reston, VA 22090
Phone: 703/435-2900 FAX: 703/435-2537

H.R. 1935

To suspend for a 3-year period the duty on m-Chloroperoxybenzoic acid (MCPBA)

See Merck & Co., Inc., under H.R. 1807

H.R. 1936

To provide permanent duty-free treatment for certain chemicals

Statement of Israel Lerman
President, AmeriBrom, Inc.

Mr. Chairman, my name is Israel Lerman; I am the President of AmeriBrom, Inc., a wholly-owned subsidiary of the Israel-based Dead Sea Bromine Group. I appreciate the opportunity to submit this statement to you in support of the bill, H.R.1936, introduced by Congressman Bill Green and Congressman Charles Rangel.

Mr. Chairman, the bill H.R.1936, currently before your committee would, if enacted, provide duty-free treatment for two bromine-based chemical products -- Tetra Bromobisphenol A (TBBA) and Deca Bromodiphenyl Oxide (DECA). Both are major flame retardants which are used in a host of U.S. products, mostly plastic materials used in consumer electronics and other products for fire prevention and safety purposes.

At present, both TBBA and DECA are subject to extraordinarily high duties (19% plus 1.5 cents per kilogram for TBBA and 20% for DECA). These duties are maintained at these levels as a result of a 1984 ITC Report -- at a time when the average MFN duty rate for U.S. imports is less then four percent.

The genesis of these high duty rates was an assumption of "import sensitivity" for certain U.S.-made, bromine-based chemical products during the negotiation of the U.S.-Israel Free Trade Agreement. Accordingly, a so-called "C" list was fashioned because of some apprehension that bromine-based chemical imports from Israel would harm or threaten U.S. industry. Oddly enough, Mr. Chairman, Sodium Bromide, another bromine-based product from Israel on the "C" list, has remained GSP duty-free and there has been no harm to U.S. industry even though this product is probably not less "sensitive" than TBBA and DECA.

As you know, Mr. Chairman, the main theme of the U.S.-Israel Free Trade Agreement is the reciprocal elimination of duties on all products traded between our two countries by January 1, 1995. Duties on certain articles on the "C" list (mentioned above), to include TBBA and DECA, are to remain unchanged until their elimination on January 1, 1995 or unless Congress authorizes a change. The law does allow for duty phaseouts after December 1, 1989 for those items on the "C" list.

Much has changed in the U.S. market for bromine-based chemicals in the six (6) years since passage of the Implementation Act effecting the U.S.-Israel FTA. The most prominent change is an increased demand for flame retardants, particularly TBBA and DECA. The two major U.S. producers have kept up investment in increased capacity for TBBA and DECA over the years (with recent announcement of more investments in more capacity). They are using their bromine containing brine wells to the maximum (the raw material for the production of the above products) and keep on filing for additional drilling permits. This shortage in supply of TBBA and DECA in the U.S. results in higher prices for these products to U.S. industrial customers.

Presently, only two U.S. companies control over 90% of the market for the two flame retardant chemicals, TBBA and DECA. As I stated above, both are using all of the raw material they can get, but with a shortage of that raw material, given somewhat to aging wells, these companies are seeking drilling permits in order to obtain further supplies of the bromine-containing brine. If the demand for TBBA and DECA and other bromine compounds were not increasing in the U.S. market, there would be no need for additional drilling. In fact, one of the two companies, in its 1990 annual report, notes that it is creating new markets for bromine chemicals in the U.S., Europe and the Far East.

In the past, both of these two major U.S. companies have acknowledged that bromine products, especially flame retardants, contribute to their high and increasing profitability, both in the U.S. and abroad. Various publications, to include Fortune Magazine, Chemical Week and Moody's Corporate Profiles, have noted that the two U.S.

companies which dominate the American market have experienced a strong demand for all of their products, in addition to significant price increases. Steps have been taken by these two companies to expand existing plant capacity as their corporate reports indicate, and steps have also been taken to acquire overseas bromine producers. Mr. Chairman, these measures would not have been taken were these two companies at a competitive disadvantage or suffering at the hands of foreign competitors -- and therefore, in need of protection by way of high duties.

Mr. Chairman, at this point, I would like to offer a few statistics to support the notion that our two American competitors are far from the depressed conditions which they want American policymakers to believe they are in.

First of all, one competitor is number 178 on the 1990 Fortune 500 list in terms of sales -- up 9% from 1989. That company experienced a significant overall growth rate between 1980 and 1990, generating a nearly 27% rate of return for its investors. In terms of assets, it ranks number 69 in the Fortune 500. Also, of the 239 inorganic chemical companies in the U.S., this company ranks sixth. As you can see, this competitor is a well-heeled and impressive organization.

Our other primary competitor, while not as large as its Fortune 500 brother, still ranks number 12 out of the 239 inorganic chemical companies in the U.S. And, by its own 1990 corporate report, had "record 1990 sales of flame retardants." Again, a lucrative and impressive organization.

Mr. Chairman, I think you can see that it is our competition in the American market which is formidable, not the other way around. To give you an idea of where AmeriBrom stands in the U.S. market in the sales of the two products, TBBA and DECA, the following statistics are provided: The total estimated U.S. sales for TBBA for 1990 consisted of 33 million pounds, totaling $29 million. Of that total, AmeriBrom sold less than 1.8% of the U.S. market. The total estimated sales for DECA for 1990 consisted of 36 million pounds, totaling $51 million. Of that total, AmeriBrom sold less than 5.7% of the U.S. market.

Mr. Chairman, as you can see, AmeriBrom is not exactly cleaning up in terms of U.S. market share. Indeed, if we took the duty rates on these two products to zero tomorrow, it would be sometime before we could attain even a 10% share of the American market and that would be under the best of circumstances. We will still have to transport to Israel from the U.S. the non-bromine raw materials for both products, ship back the products to the U.S. and maintain large and costly inventories here. It is not that easy to compete under these conditions. Yes, we have grown and yes, we have increased sales in the American market, but only because American industry wants and needs our product, and we are in a position to supply it even though we have tremendous transportation and storage costs.

Mr. Chairman, you will hear arguments that our parent company, the Dead Sea Bromine Group of Israel, is also a large exporter to Europe and Asia -- which is true. It is also true that my competitors are large exporters to these two continents largely because they pay favorable duty rates for TBBA and DECA -- an EC duty rate of 3% and 4.6% in Japan, for example. I have to live with 20% duty rates when importing into the U.S. on top of steep transportation and storage costs.

It is worth noting that both of my U.S. competitors have significant market presence in both Europe and the Far East and have noted in their corporate reports their strategies in creating new markets on those continents. As a matter of fact, both have been in these markets for years and maintain sales offices on both continents. Also, Mr. Chairman, if I am not mistaken, these two companies have miscellaneous tariff bills now before you for consideration of duty suspension on some bromine chemicals because they are also out-sourcing these products, the tariffs on which exist partly because of past efforts by them.

In summation Mr. Chairman, AmeriBrom is not now nor will it likely be a significant competitor to the two U.S. companies which presently control the U.S. market for TBBA and DECA. Remember, we have about 1.8% of the market for TBBA and about 5.7% of the market for DECA. What we can be is a reliable supplier of these two compounds to American industry because of our ability to produce bromine. Accordingly, a reduction of duty rates, as proposed in H.R.1936, will mean reduced cost of products important to the U.S. industries and increased U.S. exports to Israel of the materials used in the manufacture of TBBA and DECA. This last point, U.S. exports to Israel, is worth noting as my company buys large quantities of U.S.-produced chemicals from companies in Houston and Chocolate Bayou, Texas and Pittsburgh, Pennsylvania, to name some.

Mr. Chairman, these high duties have provided alot of protection for only two giant U.S. companies at the expense of many other U.S. companies which both supply Israel and buy our products. In the name of sound economics, it is time to reduce them. Whatever threat our two U.S. competitors once felt or thought they felt must have been mitigated in the last several years given their glowing corporate reports on bromine chemicals sales, particularly as regards TBBA and DECA. It is time for U.S. industrial consumers to receive a price break -- and that price break is attainable if H.R.1936 passes.

Thank you very much for your consideration.

Ethyl Corporation
611 Madison Office Building
1155 15th St., N.W.
Washington, DC 20005
Telephone 202-223-4411

INTERNATIONAL TRADE AFFAIRS

21 June 1991

DELIVERED BY MESSENGER

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

RE: Comments in Opposition to H.R. 1936

Dear Mr. Leonard:

We are writing to register strong opposition to the enactment of H.R. 1936. Our comments (in six copies) will be abbreviated in this letter so as to get them in the record, but expanded comments will be submitted next week.

The delay in filing these comments is because we only became aware late yesterday of the specific chemicals covered by H.R. 1936, since the May 14, 1991 Subcommittee notice #6 only described the content covered by H.R. 1936 as certain chemicals. When we received a copy of the bill yesterday and noted the specific chemicals covered, we began taking immediate steps to file comments in opposition to H.R. 1936.

The two chemicals named in H.R. 1936, tetrabromobisphenol A (TBBPA) and decabromodiphenyl oxide (DBDPO), are produced in the United States by Ethyl Corporation and Great Lakes Chemical Corporation. There is adequate U.S. production capacity to supply all the U.S. demand for both of these products and we see no basis whatsoever for considering the elimination of the current U.S. duty rates on TBBPA or DBDPO. Both of these products have been treated as import sensitive by the United States for more than a decade under the Generalized System of Preferences (GSP) and the U.S.-Israel Free Trade Agreement (FTA). As late as early 1990, the U.S. Trade Representative reaffirmed the import sensitivity of these two chemicals and others that were under the review mandated by terms of the FTA.

The only reason that Israeli produced imports of TBBPA and DBDPO have not penetrated the U.S. market to a greater extent than they currently enjoy is because of the U.S. duties that are applicable to these imports. The U.S. duty rates on most other bromine derivative chemicals already have been reduced to zero under the FTA or they are eligible for duty-free GSP treatment. Almost without exception, all the other bromine chemicals with no

U.S. duty now have significant import penetration by Israeli produced products, and that increase in penetration can be traced back to the time when the U.S. duty rate was significantly reduced or eliminated under the FTA or GSP. If H.R. 1936 is enacted into law, there is no doubt that imports of Israeli produced TBBPA and DBDPO will increase within a year three or four fold over current levels of imports and be injurious to the U.S. companies that produce these products in the United States.

Ethyl Corporation will file additional comments next week that will provide more background and market information concerning TBBPA and DBDPO. It is our understanding that Great Lakes Chemical Corporation will also be filing comments in opposition to H.R. 1936.

We urge the Subcommittee on Trade to report unfavorably H.R. 1936 in view of the opposition of U.S. industry. Ethyl Corporation will plan to testify in opposition to H.R. 1936 should it later be determined to hold public hearings on H.R. 1936 and other miscellaneous tariff bills.

Respectfully submitted,

Max Turnipseed

Max Turnipseed
Manager,
International Trade Affairs

c: Congressman Beryl F. Anthony, Jr.
Congressman Bill Green
Congressman Charles B. Rangel
Congressman Lawrence J. Smith

Written Statement of Ethyl Corporation in Opposition to H.R. 1936 - A Miscellaneous Tariff Bill on Certain Chemicals

I. Introduction

The elimination or temporary suspension of the United States duty rates on imports of decabromodiphenyloxide (DBDPO) and tetrabromobisphenol A (TBBPA), as proposed by H.R. 1936, will have an adverse economic impact on the domestic manufacturer's of these products. DBDPO and TBBPA is manufactured in the United States by two companies which sells these chemicals into the merchant market for use as flame retardant chemicals. Ethyl Corporation (Ethyl), with production facilities located in Magnolia, Arkansas is one of the two domestic manufacturers. The other domestic manufacturer of these flame retardant chemicals is Great Lakes Chemical Corporation (Great Lakes) with production facilities located in El Dorado, Arkansas.

Ethyl is opposed to the enactment of H.R. 1936. Great Lakes has also filed written opposition to H.R. 1936. Both products covered by this bill have been treated as import sensitive for more than a decade by the United States under the Generalized System of Preferences. Dead Sea Bromine (Israel) has taken every opportunity to try and eliminate U.S. duties on these two flame retardants which are essential to the well being of the domestic bromine chemical producers. These products were deemed to be sensitive when the Free Trade Agreement (FTA) was signed with Israel in 1985. As late as 1990, the U.S. Trade Representative reaffirmed the import sensitivity of these products during the review mandated by terms of the FTA. The duty on these products and several other bromine chemical products are scheduled to be eliminated on January 1, 1995 under the terms of the FTA between Israel and the United States. Ethyl is planning for the eventual elimination of duties of these two flame retardants and a few other bromine chemicals on the scheduled date. Any change in timing will be very disruptful and harmful to our ability to invest and grow in this area.

II. Background

Flame retardant chemicals encompass both inorganic and organic chemicals products which are added or included in the base components of plastic materials to reduce flammability. Materials which serve this very important market include the following categories:

Aluminum Tribyaydrate
Antimony Oxide
Brominated Hydrocarbons
Chlorinated Hydrocarbons
Phosphate Esters
Other Miscellaneous

There are essentially three worldwide competitors (manufacturers and marketers) of bromine-based flame retardants that are in the category of brominated hydrocarbons. They are Ethyl and Great Lakes, which manufacture most of their products in the United States, a few products are manufactured in the United Kingdom by Great Lakes, and Dead Sea Bromine that produces most of their products in Israel. In 1980, there were five producers of bromine chemicals in the Untied States, now there are only two. White Chemical and Dow Chemical, two domestic producers of DBDPO have ceased production since 1986. During the same period, the number of producers of bromine chemicals declined by three and the domestic production of bromine declined from 487 million pounds (1979) to about 380 million pounds (in 1990). At the same time, bromine production by Dead Sea Bromine in Israel increased from 77 million pounds in 1979 to 300 million pounds in 1990. U.S. producers are already disadvantaged in most world markets for bromine chemicals relative to Israel both in duty treatment and other distinct cost advantages. Israel has duty-free access to all major markets outside the U.S., for these and other bromine chemicals; whereas, domestic producers pay duties for products exported to major markets in Japan, Korea, Taiwan and Europe. Other concerns include the constant problem of competing worldwide with a competitor which is wholly owned by a foreign government enterprise which may place political and monetary consideration above profit incentives.

III. U.S. Markets for DBDPO and TBBPA

DBDPO

The domestic market for DBDPO is estimated to be about 35 million pounds in 1991. This product is used to flame retard polyolefins, high-impact polystyrene and textiles. There is adequate U.S. production capacity to supply U.S. demands and export considerable quantities to foreign users. The DBDPO capacity available to the U.S. producers is estimated to be about 90 million pounds per year, more than twice the U.S. demand. Great Lakes may also have some production capabilities for this product in England. Ethyl estimates the worldwide demand for this high volume flame retardant to be about 100 million pound in 1991. Dead Sea Bromine is believed to have production facilities in Israel capable of manufacturing about 35 to 40 million pounds per year. Dead Sea's imports of DBDPO have increased dramatically in recent years despite the current U.S. duty rate and import values (prices) are falling. Annual imports of DBDPO from Israel into the United States are as follows:

Year	Pounds	Customs Value-$	$/lb.
1988	295,196	280,025	0.949
1989	None		
1990	2,451,729	2,245,596	0.916
1991(April YTD)	921,310	832,290	0.903
1991 Annualized	2,763,930	2,496,870	

TBBPA

The domestic market for TBBPA is estimated to be about 36 million pounds in 1991. The major use of this product is in flame retarding epoxy resins which are used in electronic circuit boards. There is adequate U.S. production capacity to supply U.S. demands and export considerable quantities to foreign users. The TBBPA capacity available to U.S. producers in South Arkansas is estimated to be 110 million pounds per year, more than three times the U.S. demand. TBBPA is the highest volume brominated flame retardant used in the world today. Ethyl estimates worldwide demand will be 140 million pounds in 1991. Dead Sea Bromine has facilities in Europe capable of producing about 6-8 million pounds per year and their main plant in Israel with an estimated capacity of about 30 million pounds per year.

Dead Sea's annual imports of TBBPA from Israel into the United States are as follows:

Year	Pounds	Customs Value-$	$/lb.
1988	995,405	498,837	0.501
1989	425,267	219,636	0.516
1990	524,084	264,682	0.505
1991(April YTD)	282,743	144,519	0.511
1991 Annualized	848,229	433,557	

IV Summary of Reasons for Opposition

The U.S. bromine and brominated flame retardant producers will be severely affected by the immediate elimination of duties on Israeli produced DBDPO and TBBPA. U.S. Government actions since 1976, has caused a direct and major negative impact on the U.S. bromine industry. As a result, the number of domestic manufacturers and marketers of these products have declined to only two. U.S. Government actions include legislative and regulations actions caused a major reduction in the use of ethylene dibromide as an additive in leaded gasoline. This same product was banned for use as a soil fumigant. These two regulations reduced domestic production of bromine by more than 150 million

IV Summary of Reasons for Opposition (continued)

pounds per year. Banning of bromochloropropane for use as a fungicide and tris (tris-bromopropyl phosphate) used as a flame retardant also had negative impact on domestic producers. The restructuring and low profitability of the domestic bromine chemicals business during the late 1970's and the 1980's played a major role in these products being declared import sensitive by the U.S. Trade Representative in both the GSP program and the FTA.

The domestic industry is at a disadvantage relative to duty treatment in all bromine chemicals markets outside the United States. When duties are eliminated under the FTA for DBDPO, TBBPA and a few other bromine chemicals at the end of 1994, Israel will be receiving duty free treatment in all world markets for bromine chemicals. U.S. producers will still have to compete in all other major world markets that have duty rates applicable to U.S. exports of bromine chemicals while Israeli imports are duty-free. Dead Sea Bromine does not need duty-free treatment on imports of DBDPO and TBBPA into the United States to compete. This is quite evident from the increasing imports and falling prices despite current U.S. duty rates.

Ethyl Corporation urges the Subcommittee on Trade to report unfavorably H.R. 1936. No valid reason has been advanced to justify any reduction in the current U.S. duty rate on DBDPO or TBBPA. The history of U.S. treatment on the duty rates of these two bromine chemicals is clear. Elimination of duty is not intended until such is required in 1995 under terms of the U.S.-Israel Free Trade Agreement. All other imports of Israeli produced bromine chemicals, with no U.S. duty rate as the result of the U.S.-Israel Free Trade Agreement, have made significant import penetration since the duty was eliminated. Imports of DBDPO and TBBPA would be no different if the U.S. duty rate is eliminated by H.R. 1936.

Respectfully submitted,
ETHYL CORPORATION

By: M. Turnipseed
Max Turnipseed
Manager
International Trade Affairs

July 2, 1991

Ethyl Corporation
1155-15th Street, N.W., Suite 611
Washington, D.C. 20005
Telephone: (202) 223-4411

Great Lakes
Chemical Corporation

P. O. BOX 2200 · HIGHWAY 52 N. W. · WEST LAFAYETTE, INDIANA 47906 · PHONE: 317-463-2511 · TELEX: 27-9428 · CABLE: GLAKCHEM LAFAYETTE

ROBERT T. JEFFARES
Vice President-Finance and
Chief Financial Officer

June 21, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D. C. 20515

RE: Comments in Opposition to H.R. 1936

Dear Mr. Leonard:

We are writing to express our strong opposition to the enactment of H.R. 1936.

We apologize for not commenting on the proposed bill prior to this date, but we were not aware of the specific chemicals involved until yesterday when we received a copy of the bill itself. The May 14, 1991 Subcommittee notice #6 only referred to "certain chemicals."

The maintenance of the duties through 1995 on decabromodiphenyl oxide and tetrabromobisphenol-A is of critical importance to the domestic bromine industry. These products produced by Ethyl Corporation and ourselves are in ample supply to meet projected demand. The elimination of the tariffs on these two products would be extremely disruptive to our industry which has experienced, during the past few years, major disruptions in its bromine business due to government regulations. The domestic bromine industry needs additional time before confronting the Israelis in the United States market on these products, and maintenance of tariffs through 1995 will give the industry the time needed to adjust to their elimination.

Bromine chemical imports from Dead Seas Bromine, Ltd. (Israel) is a major threat to the domestic bromine industry. Since 1976, the Israelis have expanded their bromine production nearly five-fold while domestic production has held relatively constant. During this period, the number of domestic producers and marketers of bromine chemicals declined from five to two; and our share of the world market has declined from approximately 70% to 42%.

Mr. Robert J. Leonard
Chief Counsel
Page Two
June 21, 1991

The domestic bromine industry is already at a competitive disadvantage when competing with Dead Sea Bromine, Ltd. in world markets. This disadvantage is caused by duty-free treatment accorded Israeli products in markets outside the U.S., whereas U.S. exporters of bromine chemicals must pay substantial duties. The export market for both TBBPA and DBDPO represents about 70% of the world market.

These two products have been on the import-sensitive list for more than a decade. The need to retain the duties until 1995 on these products was reaffirmed by the U.S. Trade Representative during late 1989 when the remaining bromine tariffs were last reviewed for possible elimination. Therefore, we urge the Subcommittee on Trade to not push for enactment of H.R. 1936 in view of the industry's strong opposition. Great Lakes plans to testify in opposition to H.R. 1936 if public hearings are held on this bill.

Sincerely,

Robert T. Jeffares

RTJ/ad

cc: Congressman Beryl F. Anthony, Jr.
Congressman Bill Green
Congressman Charles B. Rangel
Congressman Lawrence J. Smith

BILL GREEN
15TH DISTRICT, NEW YORK

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:
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FOREIGN OPERATIONS

Congreſs of the United States
Houſe of Repreſentatives
Waſhington, DC 20515

WASHINGTON OFFICE:
2301 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-2436

NEW YORK OFFICE:
LINCOLN BUILDING
60 EAST 42ND STREET, ROOM 2305
NEW YORK, NY 10165-0015
(212) 661-4488

June 18, 1991

Honorable Sam Gibbons, Chairman
Subcommittee on Trade
1136 Longworth Building
Washington, DC 20515

Dear Mr. Chairman:

We are writing with regard to H.R. 1936, miscellaneous tariff legislation that we introduced on April 18. It has come to our attention that the Administration, in the course of reviewing miscellaneous tariff bills, may comment unfavorably on H.R. 1936. The Administration's technical concern is that H.R. 1936 seeks permanent duty-free treatment for Tetrabromobisphenol A and Decabromodiphenyl Oxide.

As sponsors of H.R. 1936 we ask that the language be modified in Committee to provide for a suspension of duties on the above two products until January 1, 1995. We seek this modification in lieu of introducing a new bill. Thank you for your time and kind consideration of this matter.

With best wishes.

Sincerely,

Bill
Bill Green
Member of Congress

Charlie
Charles B. Rangel
Member of Congress

cc: Honorable Dan Rostenkowski
Honorable Bill Archer
Honorable Philip M. Crane

CHARLES B. RANGEL
16TH CONGRESSIONAL DISTRICT
NEW YORK

DEPUTY WHIP

COMMITTEES:
WAYS AND MEANS

CHAIRMAN, SUBCOMMITTEE ON
SELECT REVENUE MEASURES

SUBCOMMITTEE ON OVERSIGHT

CHAIRMAN, SELECT COMMITTEE ON
NARCOTICS ABUSE AND CONTROL

Congreſs of the United States
House of Representatives
Washington, DC 20515

☐ 2252 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
TELEPHONE: (202) 225-4365

DISTRICT OFFICES:

MS. VIVIAN E. JONES
DISTRICT ADMINISTRATOR

☐ 163 WEST 125TH STREET
NEW YORK, NY 10027
TELEPHONE: (212) 663-3900

☐ 601 WEST 181ST STREET
NEW YORK, NY 10033
TELEPHONE: (212) 927-5333

☐ 2110 FIRST AVENUE
NEW YORK, NY 10029
TELEPHONE: (212) 348-9630

PLEASE RESPOND TO
OFFICE CHECKED

June 18, 1991

Honorable Sam Gibbons
Chairman
Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I understand that the Administration in the course of reviewing the miscellaneous tariff bills may comment unfavorably on H.R. 1936 on a technical point. They will be concerned that the bill provides permanent duty free treatment for Tetrabromobisphenol A and Decabromodiphenyl Oxide.

As a sponsor of the bill, and in view of the possibility the Administration may raise objections I would support the modification of the proposal in H.R. 1936 by the Subcommittee to provide for a suspension of duties on the two products until January 1, 1995.

Sincerely,

CHARLES B. RANGEL
Member of Congress

CBR/jrs

LAWRENCE J. SMITH
16TH DISTRICT, FLORIDA

COMMITTEE ON APPROPRIATIONS

FOREIGN OPERATIONS, EXPORT FINANCING
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SELECT COMMITTEE ON NARCOTICS
ABUSE AND CONTROL

DEPUTY MAJORITY WHIP
VICE-CHAIR, DEMOCRATIC STUDY GROUP

Congreſs of the United States
House of Representatives
Washington, DC 20515

☐ 113 CANNON BUILDING
WASHINGTON, DC 20515-0916
(202) 225-7931

DISTRICT OFFICE
☐ PRESIDENTIAL CIRCLE
4000 HOLLYWOOD BLVD
SUITE 360 N
HOLLYWOOD, FL 33021-6870
(305) 987-6484 BROWARD
(305) 624-6111 DADE

May 28, 1991

The Honorable Sam Gibbons
Chairman
Subcommittee On Trade
Ways and Means Committee
1111 Longworth H.O.B.
Washington, D.C. 20515

Dear Sam:

I am writing to urge the subcommittee to approve H.R. 1936, a bill to permit the duty-free importation of the two bromine-based chemicals: Tetra Bromobisphenol A (TBBA) and Dec Bromodiphenyl (DECA).

The duty rate on these two chemical compounds are presently at the enormous rate of 19 percent, plus a charge of 1.5 cents per kilogram of TBBA and 20 percent for DECA. Without this legislation, the duties will not be removed completely until January 1, 1995. At this time, only two United States companies control over 90 percent of the market. The demand for these chemicals, used as fire retardants in the plastics industry, continues to increase. If all tariffs were lifted today, the American firms would suffer no adverse economic impact. Indeed, given the demand, the importation of these compounds would benefit the American economy.

I would appreciate your giving this bill your every consideration.

With best wishes, I am

Very truly yours,

Larry

LAWRENCE J. SMITH
Member of Congress

H.R. 1937

To amend the Harmonized Tariff Schedule of the United States to suspend the duty on certain clock radios, and for other purposes

No comments submitted.

H.R. 1938

To extend until January 1, 1995, the existing suspension of duty on acet quinone base

No comments submitted.

H.R. 1939

To suspend for a 3-year period the duty on finasteride and finasteride tablets

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See Merck & Co., Inc., under H.R. 1807

H.R. 1940

To extend the temporary suspension of duty on 1[1-((4-chloro-2-(trifluoromethyl)phenyl)imino)-2-propoxethyl]-1h-imidozole

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MEMORANDUM IN SUPPORT OF H.R. 1940, A BILL TO EXTEND THE EXISTING DUTY SUSPENSION ON 1[1-((4-chloro-2(trifluoromethyl)phenyl)imino)-2-propoxyethyl]-1h-imidazole

(Triflumizole)

I. INTRODUCTION

These comments are submitted to the House Ways and Means Committee on behalf of Uniroyal Chemical Company, Inc. of Middlebury, Connecticut, in support of H.R. 1940, a bill to extend the existing duty suspension on 1[1-((4-chloro-2(trifluoromethyl)phenyl)imino)-2-propoxyethyl]-1h-imidazole. This product is known by its trade name of Triflumizole. The existing suspension on triflumizole was passed last year as part of the "mini-trade" bill. H.R. 1940 would extend the suspension of the 13.5% ad valorem United States Customs duty on triflumizole imports provided for under HTS subheading 2933.29.30.00.9. until December 31, 1996.

II. DESCRIPTION AND USES OF TRIFLUMIZOLE

The chemical Triflumizole, known by its registered brand names in the United States ,"PROCURE and TERRAGUARD", falls under HTS subheading 2933.29.30.00.9. It is a powder which Uniroyal imports from Japan under exclusive license from Nippon Soda. Uniroyal formulates the imported technical grade material into "ready-to-use" active wettable powders. The product is utilized as a fungicide on ornamental plants and is being developed for use on deciduous fruits and to combat powdery mildew on grapes.

Triflumizole was invented by the Japanese company, Nippon Soda, which holds the patent and the U.S. registration. To our knowledge, Uniroyal is the only importer of Triflumizole. Uniroyal Chemical Company has an agreement to import and market the product and its compositions in the U.S. This license is effective as of January 1, 1989 and will be valid for 5 years.

In addition to its use to control cylindrocladium root rot disease on spathapyllum ornamental foliage plants, Triflumizole is being developed by Uniroyal to be utilized to control powdery mildew on grapes. Powdery mildew is one of the most devastating of the diseases to attack grapes. Each year, more than $15 million are spent in attempts to control this disease. Currently sulphur and Bayleton are the two main products employed in the fight against powdery mildew but sulphur is quite irritating to workers during the application process and in recent years, Bayleton is being reported as failing in control of mildew perhaps because of resistance being developed by the disease.

Triflumizole is also intended for use for the control of scab and mildew on apples. At present, Triflumizole is being developed by Uniroyal Chemical for registration on apples, pears, stonefruit, grapes and other crops. For these products, Triflumizole is currently for experimental use only. Triflumizole is registered for its use on ornamental plants and was granted an emergency Section 18 registration by the EPA for its use for the control of cylindrocladium root rot disease on spathapyllum ornamental foliage plants.

III. ENVIRONMENTAL CONCERNS

Triflumizole is considered environmentally safe in that it has no adverse effects on birds or bees although it can be toxic to fish at high concentrations. It degrades quickly in the soil, is rapidly metabolized by plants and animals and does not bioaccumulate in fish.

IV. MANUFACTURE AND IMPORTATION

The industry situation has not changed since the passage of the original duty suspension measure. Triflumizole is not manufactured in the United States. Because of the low demand, it is unlikely that any U.S. company will seek a license to manufacture Triflumizole in the U.S.. Uniroyal Chemical is the only current importer. Uniroyal imports the Tech grade and formulates it into finished products at plants in Gastonia, North Carolina and Fresno, California.

There are other competitive products on the market that are used in the U.S. for some of the same applications. These include Captan from Chevron, Funginex imported by FMC, and Dithane imported by Rohm and Haas. While these products are competitive in application, they are not competitive in their mode of action. There is no other product like Triflumizole manufactured in the United States.

IV. COSTS/SAVINGS

Triflumizole is a high cost product with a high duty rate. It is not imported in great quantities since its use is selective and in many cases, still experimental. Approximately 3,500 lbs. of Tech grade were imported in 1989 having a total value of $127,260.00. The duty was approximately $17,180.00 on these imports. Uniroyal has already benefitted greatly from the duty suspension on Triflumizole, which went into effect on October 1, 1990. If passed, H.R. 1940 would extend the benefits of the original duty suspension measure and save importers of triflumizole approximately $68,720.00 from December 31, 1992 through December 31, 1996. Savings resulting from the extension will assist in the development of the product for the benefit of the growers and the consumers.

VI. CONCLUSION

There are no U.S. manufacturers of Triflumizole. Consequently, the extension of the existing duty suspension will not cause injury to United States manufacturers nor should it injure other United States business interests. The product is environmentally safe and is of growing importance for agriculture and society. An extension of the temporary suspension will have a minimal revenue impact and could help encourage further use of Triflumizole in other applications by reducing its overall cost.

For the foregoing reasons, Uniroyal Chemical Company, Inc. supports H.R. 1940, and requests that the Committee recommend its passage. The Company and its representatives will be happy to respond to any questions or requests for further information about this matter.

INTERNATIONAL BUSINESS-
GOVERNMENT COUNSELLORS, INC.
818 Connecticut Avenue, NW
12th Floor
Washington, D.C. 20006
(202) 872-8181

By: James B Clawson
JAMES B. CLAWSON

H.R. 1941

To extend the temporary suspension of duty on 2,6-Dichlorobenzonitrile

COMMENTS OF UNIROYAL CHEMICAL COMPANY, INC. IN SUPPORT OF H.R. 1941, A BILL TO EXTEND THE EXISTING DUTY SUSPENSION ON 2,6-DICHLOROBENZONITRILE

I. INTRODUCTION

These comments are submitted on behalf of Uniroyal Chemical Company, Inc. of Middlebury, Connecticut, in support of H.R. 1941, a bill to extend until December 31, 1996 the temporary duty suspension on 2,6-Dichlorobenzonitrile and certain imported preparations containing this important anti-sprouting agent as an active ingredient.

II. DESCRIPTION AND USES OF 2,6-DICHLOROBENZONITRILE

Commonly known by the name Dichlobenil, 2,6-Dichlorobenzonitrile is an important anti-sprouting agent widely used throughout the United States in the manufacture of agricultural and horticultural weed and seed control products. As the active ingredient in these products, Dichlobenil functions as a highly selective "pre-emergent" anti-sprouting agent. Simply stated, Dichlobenil prevents the seeds of weeds and similar horticultural pests from germinating, sprouting, and harming valuable agricultural and ornamental crops.

Uniroyal Chemical Company, Inc., an American corporation headquartered in Middlebury, Connecticut, imports and sells Dichlobenil under its trade name Casaron. Uniroyal imports Dichlobenil in two forms: Casaron technical grade, which is composed approximately 97% by weight of Dichlobenil, with small quantities of inert ingredients, and Casaron 85W, a mixture composed of between 85-90% Dichlobenil, plus inert ingredients (primarily calcium silicate and other clays), and minute quantities of surfactants.

After importation, both grades of Casaron are compounded with other inert ingredients -- again, primarily clays -- and minute amounts of surfactants, in order to manufacture anti-sprouting preparations, which are sold in the form of granules and wettable powders. Popular Casaron formulations distributed to United States end-users include Casaron 2G (2% Casaron as active ingredient) and Casaron 4G (4% Casaron as active ingredient). Growers further dilute these formulations in water and spray them on areas where seed and weed growth control is needed.

Anti-sprouting preparations made from imported Dichlobenil are used in many important agricultural and horticultural applications. For instance, Dichlobenil is without question the most selective pest control product for a wide variety of ornamental plant cultures. It prevents the growth of harmful broadleaf weeds, without injuring the valuable ornamental growths. [By contrast, ordinary pesticide chemicals might destroy or injure ornamental plantings, as well as the harmful weeds]. Dichlobenil is also widely used by United States cranberry growers to control bog weeds harmful to their crops. Dichlobenil preparations are extensively used wherever cranberry crops are raised, especially in the New England states, the Upper Midwest (particularly Wisconsin) and the Pacific Northwest.

Dichlobenil preparations are used extensively in orchards and nurseries, and around municipal and commercial grounds and buildings. Paving contractors make frequent use of Dichlobenil preparations to kill weeds under asphalt. Dichlobenil can also be used in the manufacture of aquatic herbicides, and is particularly effective in controlling weeds such as hydrilla, whose uncontrolled growth has choked many waterways in the Southeastern United States.

In short, Dichlobenil is an important chemical used in the manufacture of seed and weed control preparations which are vital to the health of important United States agricultural and horticultural crops, and to the economic well-being of United States growers.

III. ENVIRONMENTAL CONCERNS

The Environmental Protection Agency (EPA) has never classified dichlobenil as a known or likely carcinogen. This has been confirmed by Mr. Bob Taylor at EPA. He is the product manager for Dichlobenil.

EPA has divided herbicides into five kinds for purposes of assessing cancer risks: Group A (known carcinogens), Group B (probable human carcinogens), Group C (possible human carcinogens), Group D (carcinogenicity not capable of assessment) and Group E (non-carcinogenic). Dichlobenil is listed in Category E, which means that all testing has produced negative results concerning carcinogens.

Since the use and application of pesticide chemicals is comprehensively regulated, EPA and other agencies continually review the properties of these materials as exhibited in particular uses. The purpose of this review is to establish standards for applications of these materials to various crops and flora, to insure that no human or animal toxicity will result. While EPA has not found Dichlobenil to be a carcinogen, the agency nevertheless routinely reviews the properties of these and other pesticidal products in the context of registration renewal. As part of such a routine review, the EPA included dichlobenil on its most recent list for review published in Appendix C of a Federal Register notice, October 19, 1988. Appendix B of this same Federal Register notice lists the EPA "Food Use Herbicides With Evidence of Carcinogenicity". Dichlobenil is not on this list.

IV. MANUFACTURE AND IMPORTATION OF DICHLOBENIL

Under the Harmonized Tariff Schedule of the United States (HTS), Casaron Technical Grade 2,6-Dichlorobenzonitrile is classifiable under HTS item 2926.90.10.00.6. This item provides specifically for "nitrile-function compounds: * * * Other: Aromatic * * * Dichlorobenzonitrile", with duty at a rate of 6.8% ad valorem.

Casaron 85W, a mixture containing 2,6-Dichlorobenzonitrile and other ingredients, is classifiable under HTS item 3803.30.10.00.0, which provides for "Herbicides", anti-sprouting products and plant-growth regulators: Containing any aromatic or modified aromatic herbicide, anti-sprouting agent or plant-growth regulator", dutiable at a rate of 1.8 cents per kilogram plus 9.7% ad valorem.

The industry situation has not changed since the passage of the original duty suspension measure. Dichlobenil is not manufactured by any firms in the United States. All Dichlobenil imported into the United States (and, consequently, all anti-sprouting preparations containing Dichlobenil) is manufactured in the Netherlands by Duphar, B.V. of Amsterdam, which controls all U.S. registrations for the product. Uniroyal has a contract with Duphar to import Dichlobenil for the purpose of producing pre-emergent weed growth controllers which prevent the germination of weed seeds. This is a contract which is automatically renewed each year unless notice is given by either company one year prior to cancellation. The terms of registration are controlled by Duphar. This is not like a patent registration in that other manufacturers may produce the chemical, but in order for it to be used for the same registered purpose, a company must get approval from Duphar.

Dichlobenil is a narrow spectrum product and of limited demand. The incumbent costs to produce it in small quantities are uneconomic and consequently there is little incentive for U.S. companies to manufacture dichlobenil. Uniroyal imports both Casaron Tech and Casaron 85W manufactured by Duphar. Dichlobenil formulations are produced at Uniroyal plants in Gastonia, North Carolina and Fresno, California. In addition, some of these preparations are manufactured by Uniroyal "toll" processors throughout the United States.

A second United States firm, P.B.I. Gordon of Memphis, Tennessee, compounds Dichlobenil preparations as well. Like Uniroyal, P.B.I. Gordon obtains all of the Dichlobenil which it uses from Duphar in the Netherlands. (Dichlobenil is produced by a company in Japan. However, the Japanese product is not registered or approved for use in the United States, and consequently is not imported or used here.)

Various herbicides produced in the United States are used in some of the same applications as dichlobenil; however, none of these have the exact properties and functions of Dichlobenil (e.g., for use on cranberries). Dichlobenil is not a herbicide, but rather a plant growth regulator; it does not kill or injure any existing plant or animal life, but it simply prevents the development of harmful seeds. Consequently, it may be fairly said that Dichlobenil does not compete with any domestically produced products.

V. COSTS/SAVINGS

Casaron is a high cost product with a high duty rate. It is not imported in great quantities since its use is selective, although very important. Uniroyal Chemical Company estimates that the total amount of Casaron Tech imported in 1989 was 165,000 pounds. The total amount of Casaron 85W imported was 190,000 pounds. The total combined value of these imports was approximately $4,027,540.00 and the duty paid was approximately $330,340.00. In 1990, Uniroyal imported approximately 207,883 pounds of Casaron Tech and Casaron 85W, having a value of $2,220,527.00. The duty paid on casaron imported before the October 1, 1990 effective date of the duty suspension were approximately $218,643.00.

Uniroyal has already benefitted greatly from the suspension of duties on the import of Casaron. If passed, H.R. 1941 would continue to allow U.S. formulators to import this essential chemical at lower costs and to manufacture more efficiently and inexpensively. If H.R. 1941 is passed extending the duty suspension on Casaron until December 31, 1996, savings on duty would surpass $1,300,000.00 over the four year period. These savings would be passed on to growers, farmers and consumers.

VI. SOUND PUBLIC POLICY SUPPORTS THE ENACTMENT OF H.R. 1941

Enactment of H.R. 1941 would provide important benefits for United States agricultural and horticultural industries, without harming domestic manufacture. Several factors support its enactment.

First, no United States firms presently manufacture Dichlobenil, nor do any intend to do so. Only Duphar B.V. has obtained necessary approvals for the use of its Dichlobenil product in the United States. While some other herbicides are used for the same purposes as Dichlobenil, none are directly competitive with it. Consequently, the extension of the duty suspension on Dichlobenil will not injure any United States manufacturing interests. To the contrary, H.R. 1941 would provide a major benefit for the United States facilities operated by Uniroyal Chemical, P.B.I. Gordon, and their toll processors, which are engaged in the manufacture of anti-sprouting compounds which contain Dichlobenil.

H.R. 1941 would also provide an important benefit to United States growers and consumers. Customs duties currently represent a significant portion of the landed cost of Dichlobenil. This duty cost is passed along to distributors of Dichlobenil-containing products and, ultimately, to farmers, growers, municipal agencies and other uses of anti-sprouting products containing

Dichlobenil. The extension of the temporary suspension of the tariff on Dichlobenil would allow United States formulators to continue to import this essential chemical at lower costs and to manufacture anti-sprouting preparations more efficiently and inexpensively. Duty savings would continue to be passed on to United States consumers, growers and farmers, and future price increases could be deferred or delayed.

Approval of H.R. 1941 will not significantly impact United States Customs duty revenues.

Consumer demand for Dichlobenil is relatively static, and it is expected that imports will not increase by more than 5,000 pounds per year. Enactment of H.R. 1941 would not affect this projection.

Finally, environmental considerations support H.R. 1941 enactment. As noted above, Dichlobenil is a selective and pre-emergent anti-sprouting agent. Unlike ordinary pesticides, which attack pests and plants after they have sprouted, often harming flora or fauna, Dichlobenil protects important crops by preventing the germination of harmful seeds. The use of Dichlobenil in the United States is carefully regulated by the United States Environmental Protection Agency (EPA) to insure human and animal safety. Dichlobenil has been registered with EPA since 1964, and EPA has approved numerous Dichlobenil formulations for use in the treatment of broadleaf weeds and grasses and aquatic weeds in a wide variety of applications. Unlike many ordinary herbicides, Dichlobenil has never been classified by EPA as showing any evidence of carcinogenicity. The formulation, labeling and application of Dichlobenil-containing products are carefully regulated to insure that no adverse ecological consequences ensue from their use.

VII. CONCLUSION

For the reasons given above, Uniroyal Chemical Company, Inc. supports H.R. 1941, and requests that the Committee recommend its passage. Uniroyal stands ready to furnish any additional information which the Committee may require on this matter.

INTERNATIONAL BUSINESS-
GOVERNMENT COUNSELLORS, INC.
818 Connecticut Avenue, N.W.
Washington, D.C. 20006
(202) 872-8181

By: James Clawson
JAMES B. CLAWSON

H.R. 1942

To suspend for a three-year period the duty on [3R-[3-alpha(R),4-beta]]-4-(acetyloxy)-3-[1-[[(1,1-dimethyl ethyl) dimethylsilyl]oxy]ethyl]-2-azetidinone, also known as acetoxy azetidinone*

See Merck & Co., Inc., under H.R. 1807

H.R. 1945

To amend the Foreign Trade Zones Act to renew the existing customs exemption applicable to bicycle parts, not reexported, in foreign trade zones

---

Collier, Shannon & Scott
Attorneys-at-Law
3050 K Street, N.W.
Washington, D.C. 20007

Telephone: (202) 342-8400
Telecopier: (202) 338-5534
Writer's Direct Dial Number

(202) 342-8580

Robert A. Collier (1917-1984)
Thomas F. Shannon
William W. Scott
David A. Hartquist
R. Timothy Columbus
Lauren R. Howard
Paul D. Cullen
Kathleen E. McDermott
Michael D. Sherman
Mark L. Austrian
Jeffrey W. King
John B. Williams
Paul C. Rosenthal
James R. Loftis, III
John L. Wittenborn
Jeffrey L. Leiter
Michael R. Kershow
Jeffrey S. Beckington
Judith L. Oldham
Jeanne M. Forch
Laurence J. Lasoff
Christopher J. MacAvoy
Patrick J. Coyne
Karen M. Lockwood
Dennis J. Whittlesey
Douglas W. Charnas
William C. MacLeod ◆
Sean F. X. Boland
Patrick B. Fazzone *
K. Michael O'Connell
Harold W. Furman II ◆

*RESIDENT IN AUSTRALIA

Kathleen Weaver Cannon
Daniel J. Harrold
Gary L. Melampy
T. Michael Jankowski
Mary T. Staley
Robert M. Huber
R. Randal Black
Marcy M. Rehberger
William A. Henry
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Keith J. Harrison
Mark K. Logan ◆
Robin H. Gilbert
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Martin A. Wright
William M. Guerry, Jr.
Bernard A. Nigro, Jr.
Dawn M. Sanok ◆
Carolyn O. Tillman
Nicholas D. Giordano
Kerrie L. Hook
Alexander H. Pitofsky
Joanna K. McIntosh ◆
Catherine A. Micklitsch
Jeffrey L. Poston
Sean L. Collin * ◆
Joseph S. Gerbasi ◆
Jason M. Branciforte ◆
Stephen A. Jones
Pamela L. Eddy
Alan A. B. McDowell ◆
Beverly Joyce Trew ◆

◆ NOT ADMITTED IN D.C.

June 12, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: [redacted]

Dear Mr. Leonard:

As noted in our written statement on H.R. 1884 of today's date, the Bicycle Manufacturers Association of America, Inc. ("BMA") supports H.R. 1945, which is substantively identical to section 2 of H.R. 1884. While we expect the Department of Commerce to object to these bills' renewal of the existing statutory prohibition against the manufacture of bicycles in foreign-trade zones, BMA hopes that these objections will not pose an obstacle to favorable consideration of this legislation, which attempts to preserve a delicate balance between the interests of U.S. bicycle manufacturers and their domestic parts suppliers.

Please contact us if you have any questions.

Sincerely,

Michael R Kershow

THOMAS F. SHANNON
MICHAEL R. KERSHOW

Counsel to the Bicycle Manufacturers
Association of America, Inc.

H.R. 1947

To suspend temporarily the duty on sodium formaldehyde sulfoxylate

No comments submitted.

H.R. 1948

To extend until January 1, 1995, the existing suspension of duty on certain unimproved wools

---

AFTAC AMERICAN FIBER, TEXTILE, APPAREL COALITION

1801 K STREET, N.W., SUITE 900, WASHINGTON, D.C. 20006 (202)862-0500

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways & Means Committee
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your request for comment on various miscellaneous trade and tariff bills, as announced in Subcommittee Press Release No. 6 dated May 14, 1991. The American Fiber, Textile, Apparel Coalition (AFTAC) is a broad-based coalition which includes 20 organizations, representing industry and labor, producing most of the fibers, fabrics, home furnishings, industrial textiles and apparel made in the United States.

AFTAC supports H.R. 1948, which would extend until January 1, 1995, the existing suspension of duty on certain wools.

The United States does not produce wools not finer than 46's in commercial quantities. These wool fibers, because of their loft and resilience, are used extensively by the textile industry, however. They are used in carpets, blankets, hosiery, upholstery, industrial felts, coatings, knitting yarns and certain fabrics.

Wools not finer than 46's have been allowed to be imported into the U.S. duty-free for a number of years. However, the law that permits duty-free entry is scheduled to expire December 31, 1992. H.R. 1948, which was introduced by Rep. Schulze on April 18, would extend for two years the suspension of duties for wools not finer than 46's.

The American Fiber, Textile, Apparel Coalition (AFTAC) supports H.R. 1948 because it would benefit all concerned and yet injure no segment of our economy.

Sincerely,

Arthur Gundersheim

Arthur Gundersheim
Chairman

AG/kma

Amalgamated Clothing & Textile Workers Union
American Apparel Manufacturers Association
American Textile Manufacturers Institute
American Yarn Spinners Association
Carpet & Rug Institute
Clothing Manufacturers Association of America
Cordage Institute
Industrial Fabrics Association International
International Ladies' Garment Workers Union
Knitted Textile Association
Luggage & Leather Goods Manufacturers of America
Man-Made Fiber Producers Association, Inc.
National Association of Uniform Manufacturers
National Cotton Council of America
National Knitwear Manufacturers Association
National Knitwear & Sportswear Association
National Wool Growers Association
Neckwear Association of America
Northern Textile Association
Textile Distributors Association, Inc.
Work Glove Manufacturers Association

American Textile Manufacturers Institute, Inc.
1801 K Street, N.W., Suite 900, Washington, D.C. 20006
Tel: 202/862-0500 Fax: 202/862-0570

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways & Means Committee
1136 Longworth House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This is in response to your request for comment on various miscellaneous trade and tariff bills announced in Subcommittee Press Release No. 6 dated May 14, 1991. The American Textile Manufacturers Institute (ATMI) is the national trade association for the domestic textile industry. Our member companies operate in more than 30 states and account for approximately 75 percent of all textile fibers consumed by mills in the United States.

ATMI supports H.R. 1948, which would extend until January 1, 1995, the existing suspension of duty on certain wools.

The United States does not produce wools not finer than 46's in commercial quantities. These wool fibers, because of their loft and resilience, are used extensively by the textile industry, however. They are used in carpets, blankets, hosiery, upholstery, industrial felts, coatings, knitting yarns and certain fabrics.

Wools not finer than 46's have been allowed to be imported into the U.S. duty-free for a number of years. However, the law that permits duty-free entry is scheduled to expire December 31, 1992. H.R. 1948, which was introduced by Rep. Schulze on April 18, would extend for two years the suspension of duties for wools not finer than 46's.

The American Textile Manufacturers Institute supports H.R. 1948 because it would benefit all concerned and yet injure no segment of our economy.

Sincerely,

Carlos Moore

Carlos Moore
Executive Vice President

CFM/kma

CRAFTED WITH PRIDE IN U.S.A.

H.R. 1949

To suspend temporarily the duty on certain chemical intermediates

CLEARY, GOTTLIEB, STEEN & HAMILTON
1752 N STREET, N.W. WASHINGTON, D.C. 20036-2806
(202) 728-2700

FACSIMILE
(202) 429-0946

TELEX
440507

ONE LIBERTY PLAZA
NEW YORK, NY 10006

41, AVENUE DE FRIEDLAND
75008 PARIS

RUE DE LA LOI 23 - BTE 5
1040 BRUSSELS

99 BISHOPSGATE
LONDON EC2M 3YL

GEORGE W. BALL
ROBERT C. BARNARD
FRED D. TURNAGE
COUNSEL

ULMENSTRASSE 37-39
6000 FRANKFURT AM MAIN

BANK OF CHINA TOWER
ONE GARDEN ROAD
HONG KONG

SHIN KASUMIGASEKI BUILDING
3-2, KASUMIGASEKI 3-CHOME
CHIYODA-KU, TOKYO 100

R. MICHAEL DUNCAN
DONALD L. MORGAN
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD deC. HINDS
SARA D. SCHOTLAND
JOHN S. MAGNEY
MARK LEDDY
JOHN C. MURPHY, JR.
HENRY J. PLOG, JR.
DANA L. TRIER
EUGENE M. GOOTT
JANET L. WELLER
MITCHELL S. DUPLER
LINDA J. SOLDO
GIOVANNI P. PREZIOSO
JOHN T. BYAM

RESIDENT PARTNERS

JOHN G. FINNERAN, JR.
W. RICHARD BIDSTRUP

SPECIAL COUNSEL

JOHN M. BREDEHOFT
MATTHEW D. SLATER
PETER J. AXILROD
STEVEN H. ROBINSON
SCOTT N. BENEDICT
ERNEST MAYERFELD
BRUCE S. McCOY*
LINDA S. MATLACK
WOLFRAM FISCHER
SUSAN K. BENDER
STUART E. FELDSTEIN
JEFFREY I. SU/VINIK
MITCHELL E. HERR
MICHAEL D. PINNISI*
MARC C. KRANTZ
GEORGE R.A. DOUMAR
JOYCE E. McCARTY
PAMELA B. LAWRENCE
JEFFREY K. SHAPIRO
DEBORAH E. SIEGEL
WILLIAM A. SATEN
JAMES W. POIRIER
GEOFFREY L. HAMLIN
KEVIN A. GRIFFIN
KIRK VAN BRUNT

JULIE A. WADDELL*
CHARLES E. RHODES
SANDRA L. GALLAGHER
FRANK R. BORCHERT III
PETER S. LEVITT*
JOHN H. KINCAID
PATRICK J. McDERMOTT
HELEN KWOK-WAI HO
SANDRA E. TRIMBLE
MICHAEL J. BYRNES
JON S. NICHOLAS*
JAMES G. VOTAW*
MATTHEW P. SLISCHAR*
KAREN A. KERR*
RUTH E. OLSON*
BRADLEY A. LUSHER*
RICARDO ANZALDUA*
KRISTIN S. MACKERT*
ROBERT T. BRADFORD*
ROBERT J. MUELLER*
ELIZABETH M. BURKE*
JEFFREY P. NAIMON*
THOMAS M. DOYLE*
CONSTANCE B. HIGGINS*
JENNIFER M. LESTER*

*NOT ADMITTED IN THE DISTRICT OF COLUMBIA

May 23, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1949

Dear Mr. Leonard:

Crompton & Knowles Corporation through counsel hereby submits six (6) copies of its written testimony in support of H.R. 1949, to suspend temporarily the duty on certain dye intermediates. Crompton & Knowles is a U.S. owned corporation principally involved in the manufacture of dyestuffs. Many of these dyes are produced using the intermediates identified in the above-captioned bill.

The enclosed testimony outlines for the record Crompton & Knowles' reason for supporting this bill. If you have any questions or require any additional information, please contact me at (202) 728-2801.

Yours sincerely,

Walter B. Smith II
Legislative Assistant

Enclosures

CONFIDENTIAL
BUSINESS PROPRIETARY
INFORMATION

FACT SHEET

Re:

A BILL TO PROVIDE FOR THE TEMPORARY SUSPENSION OF THE DUTY ON CERTAIN DYE INTERMEDIATES

PURPOSE OF THE PROPOSED LEGISLATION

The proposed legislation would temporarily suspend the duty on certain benzenoid dye intermediates, until December 31, 1995.

Since 1922, Congress has protected U.S.-manufactured benzenoid dye intermediates which compete with imports, by imposing tariffs on imported benzenoid intermediates. Duty suspensions are appropriate on the intermediates described herein (see appendix) because these products are not manufactured in the United States, with the limited exceptions described below, and no U.S.-manufactured products compete directly with these dye intermediates. Consequently, there are no U.S.-manufactured products to be protected from these imports.

Congress recognized that continued imposition of these tariffs made those U.S.-made products manufactured from these intermediates less competitive in the domestic and world markets and suspended duties on a number of intermediates in Section 1765 of the Omnibus Trade Act of 1988. Legislation will be introduced to extend the suspension of those duties until December 31, 1995. This legislation would add a number of additional dye intermediates to the list of intermediates that have their duties suspended. Just as the duties suspended as a part of the Omnibus Trade Act were injurious to the U.S. industry, the duties proposed to be suspended in this legislation serve only to hinder U.S. competitiveness in the domestic and world markets.

BACKGROUND

Crompton & Knowles Corporation has manufacturing plants in Reading, Pennsylvania; Gibraltar, Pennsylvania; Newark and Nutley, New Jersey; Lowell, North Carolina; and Tertre, Belgium. Its corporate headquarters are in Stamford, Connecticut.

Crompton & Knowles' principal activity is the manufacture of dyestuffs. Crompton & Knowles is one of the largest totally U.S. owned supplier of dyes to the domestic textile industry. Crompton & Knowles manufactures these dyestuffs in the United States at its Reading, Pennsylvania; Gibraltar, Pennsylvania; Newark and Nutley, New Jersey; and Lowell, North Carolina plants. During the past decade the number of U.S. dyestuff manufacturers has dwindled until only eight remain, of which only two are totally U.S.-owned. As major domestic dyestuff manufacturers, i.e., du Pont, American Cyanamid, etc., have ceased operations, domestic sources for intermediates needed to make dyes have virtually been eliminated. Increasingly, Crompton & Knowles finds itself dependent on foreign sources for essential dye intermediates.

Foreign manufacturers have been quick to fill this void in the U.S. dye market. Today, over 50% of the dyes sold in the

United States, and a much higher share of the dye intermediates, are imported. They come primarily from Europe, but increasingly from less developed countries, such as India. Dye imports have grown at a steady rate in recent years. As foreign-based dye manufacturers become more dominant in the industry, the remaining U.S.-based dye manufacturers will have to continue to struggle to compete and survive.

Crompton & Knowles has therefore been forced to rely on imported dye intermediates. This has impaired Crompton & Knowles' ability to compete profitably. Its principal competitors are large foreign-based corporations which produce or have access to dye intermediates free of all duties, have lower environmental costs, and, in many countries, have reduced labor costs. The ability to sell finished dyes without recovering import costs will make Crompton & Knowles and the domestic industry more competitive and will increase U.S. dye production and employment.

DESCRIPTION OF THE PRODUCTS AND THEIR USES

The dye intermediates for which duty suspensions are being sought are used by Crompton & Knowles in the United States mainly to manufacture more than 50 types of dyes. Other domestic dye manufacturers use these chemicals for the same purposes. In 1990, Crompton & Knowles used these dye intermediates to manufacture over [2.2] million pounds of dyes in the United States.

Dyes are sold in the United States to a wide variety of industries including textile, paper, leather, food, paint, and fiber producers. In addition, Crompton & Knowles has expanded sales of dyes overseas. However, those sales are extremely limited because of our inability to compete profitably with foreign suppliers who use duty-free intermediates. Crompton & Knowles has been forced to begin production overseas in order to compete with European companies. The suspension of these duties will allow Crompton & Knowles to minimize the amount of production shifted overseas.

Dye intermediates may be used in other applications, but it is our considered opinion that the bulk of these imported intermediates are used in the manufacture of dyes.

REVENUE IMPACT OF THE PROPOSED DUTY SUSPENSION

The proposed suspension of duties on these benzenoid dye intermediates would result in foregone revenue estimated at approximately $1,200,000 per year for the period of 1992 through 1995.

NO DOMESTIC SOURCES

To the best of our knowledge, there are no known commercial manufacturers of these intermediates in the United States (with the exception of the manufacturer noted below). We base this conclusion on our contacts with the International Trade Commission ("ITC"), and examination of the ITC's Publication 1892, Synthetic Organic Chemicals, Untied States Production and Sales, 1987. We also spoke with domestic suppliers listed in

Chemical Week Buyers' Guide Issue 1990 and OPD Chemical Buyers 1989 Directory to determine whether their sources were domestic or foreign.

NO COMPETITIVE PRODUCTS

To our knowledge, with one limited exception, there are no U.S.-produced chemicals that are directly competitive with these dye intermediates. Air Products Co. produces toluene-2,4-diamine but only sells it as a mixed isomer (toluene-2,4 and 2,6-diamine) that is not suitable for dye manufacture. Air Products Co. has assured Crompton & Knowles that it does not oppose a duty suspension for that product.

H.R. 1950

To extend the existing suspension of duty on 3,5,6-trichlorosalicylic acid

No comments submitted.

H.R. 1951

To suspend temporarily the duty on anthraquinone disulfonic acid sodium salt

No comments submitted.

H.R. 1952

To suspend temporarily the duty on carbonic dihydrazide for use in water treatment

No comments submitted.

H.R. 1953

To suspend temporarily the duty on acid violet 19

No comments submitted.

H.R. 1957

To amend the Harmonized Tariff Schedule of the United States to change the rate of duty for certain bicycles

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Collier, Shannon & Scott

Attorneys-at-Law
3050 K Street, N.W.
Washington, D.C. 20007

Telephone: (202) 342-8400
Telecopier: (202) 338-5534
Writer's Direct Dial Number

(202) 342-8580

Robert A. Collier (1917-1984)
Thomas F. Shannon
William W. Scott
David A. Hartquist
R. Timothy Columbus
Lauren R. Howard
Paul D. Cullen
Kathleen E. McDermott
Michael D. Sherman
Mark L. Austrian
Jeffrey W. King
John B. Williams
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Beverly Joyce Trew •

• NOT ADMITTED IN D.C.

June 12, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1957

Dear Mr. Leonard:

In a statement dated April 29, 1991, the Bicycle Manufacturers Association of America, Inc. ("BMA") indicated its opposition to H.R. 1211, which would amend the Harmonized Tariff Schedule of the United States to reduce the rate of duty for certain "lightweight" bicycles with different sized wheels. As we indicated in that statement, BMA was prepared to withdraw its objection to the legislation if the new tariff provision created thereby were amended to apply only to imported bicycles with a customs value of $200 or more. H.R. 1957 would impose this limitation on the new tariff provision originally created by H.R. 1211. Accordingly, while BMA does not support H.R. 1957 (for the reasons outlined in its April 29, 1991 statement on H.R. 1211), it wishes to advise the Subcommittee that it has no objection to H.R. 1957 in its current form.

As noted in our April 29, 1991 statement, however, this position remains conditioned upon the U.S. Customs Service's maintaining its current policy of construing the phrase "not designed for use with tires having a cross-sectional diameter exceeding 4.13 cm" as requiring the importer to demonstrate that its bicycle is designed in such a way that it cannot physically accommodate tires wider than 4.13 cm, notwithstanding how it is equipped at the time of importation. This position will properly limit applicability of the tariff provision created by H.R. 1957 to "lightweight"-type bicycle and exclude all-terrain bicycles from coverage. If Customs' position changes, we reserve the right to object to H.R. 1957 -- and will do so in the strongest possible terms -- as a reduction in the duty rate for all-terrain bicycles with different sized wheels would have a materially different impact on the U.S. bicycle industry.

We appreciate your attention to these comments.

Respectfully submitted,

Michael R Kershow

THOMAS F. SHANNON
MICHAEL R. KERSHOW

Counsel to the Bicycle Manufacturers
Association of America, Inc.

STATEMENT CONCERNING H.R. 1957 to amend the Harmonized Tariff Schedule of the United States to change the rate of duty for certain bicycles.

Terry Precision Bicycles for Women distributes bicycles designed for use by serious women cyclists. In order to accommodate female cyclists under 5'4", these bicycles have a smaller front wheel than rear wheel. The current tariff schedule has no specific category for bicycles with mixed wheel sizes. Accordingly, such bicycles fall into an "Other" category, charged a 15% duty, the highest imposed on bicycles. Bicycles with equal wheel sizes, intended for similar use, pay a 5.5% duty. The retail prices of mixed wheel size bicycles are about 23% higher than they would be if they were included in the 5.5% classification.

Using a small front wheel allows the bicycle to be built correctly without compromising steering characteristics or safety aspects. Although this particular design has been in use since the late 1890s, Terry Precision Bicycles for Women is the first company to introduce the concept in a full line of bicycles. Its sales have increased steadily since the product was introduced in 1986, but have been hampered by the disproportionately higher retail prices paid by its customers.

The unfortunate effect of the current classification is to penalize small female cyclists. Surely this was not the intent of the schedule when it was written. Before finalizing the specific wording of H.R. 1957's proposed reclassification, domestic bicycle manufacturers were contacted to make sure the changes would not unfairly jeopardize the U.S. bicycle industry. The consensus was that a lower tariff would bring more women into the sport of cycling and would ultimately help the bicycling industry rather than harm it.

In many respects, this bicycle represents the essence of the entrepreneur who successfully develops a product to serve the needs of an underserved market. It has been its misfortune to be penalized by a duty classification which could not, at the time it was written, conceive of this design. In this sense, the schedule not only unfairly taxes small women, it thwarts the American entrepreneurial spirit. Passage of H.R. 1957 will rectify this oversight without damaging the domestic bicycle industry; indeed, to the extent that it encourages more women to bicycle, it will have further reaching benefits for the entire industry.

Respectfully submitted,

Georgena Terry
President,
Terry Precision Bicycles for Women

WOMEN'S SPORTS FOUNDATION

EXECUTIVE DIRECTOR

Deborah Slaner Anderson

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Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

June 6, 1991

STATEMENT IN SUPPORT OF H.R. 1957

TARIFF RATE REDUCTION FOR BICYCLES WITH A SMALLER FRONT WHEEL

Dear Mr. Leonard:

I am writing in support of H.R. 1957, which is currently before the Subcommittee on Trade, House Committee on Ways and Means. H.R. 1957 provides for a tariff rate reduction for bicycles with a smaller front wheel. This rate reduction would provide the same tariff that is now afforded to all other adult lightweight bicycles with equal wheel sizes.

The Women's Sports Foundation is concerned with this legislation because it affects women in sports. Bicycles with a smaller front wheel are generally designed for smaller female riders. Excluding these bicycles from the rates given to other, similar bicycles means that small women who want a bicycle that is suited to them must, in effect, pay a premium.

Currently, bicycles with a smaller front wheel are charged a 15% duty, while other bicycles pay only 5.5%. The additional duty adds considerably to the retail cost of bicycles for women.

Over half the 53.8 million Americans who bicycled last year are women. This means there are about 27 million women in this country who ride bicycles. Given the health value of this activity, it would be in all of our best interests to encourage women to cycle regularly. Being fit not only contributes to physical well-being, it also provides social and psychological benefits, increasing self-esteem for women and men.

At the elite level, American women have shown their ability to compete with the best in the world. Connie Carpenter-Phinney claimed the gold medal in

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the only cycling race for women at the 1984 Olympics. Another American, Rebecca Twigg, was second. Connie Paraskevin-Young took the bronze at the 1988 Olympic match sprint event, the first time women competed in that event at the Olympics. She won the 1990 World Championships match sprint, followed by American Renee Duprel in second place.

Top performances by young cyclists, such as Jessica Grieco, bode well for the future of American cycling. Grieco won three silver medals at the 1990 Junior World Championships, the only American -- male or female -- to finish in the top three in any event.

We expect that American women will be strong contenders at the upcoming Olympics in Barcelona. Their successes should further fuel the growth in numbers of women cyclists. In the past, when American women have triumphed in international competition, the numbers of women participating in that sport have multiplied.

Removing the additional duty from bicycles that are best suited for women will lessen some of the financial constraints that prevent more women taking up cycling or force them onto bikes not properly suited for them. More women could then experience the freedom and exhilaration of cycling -- whether they are taking a leisurely ride with their families or challenging for an international title.

Sincerely,

Deborah Anderson

Deborah Slaner Anderson
Executive Director

WOMEN'S SPORTS FOUNDATION®

May 30, 1991

The Honorable Dan Rostenkowski
House of Representatives
Washington, DC 20515

EXECUTIVE DIRECTOR

Deborah Slaner Anderson

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Pillsbury, Madison & Sutro

Dear Representative Rostenkowski:

I am writing in support of H.R. 1957, which is currently before the Subcommittee on Trade, House Committee on Ways and Means. H.R. 1957 provides for a tariff rate reduction for bicycles with a smaller front wheel. This rate reduction would provide the same tariff that is now afforded to all other adult lightweight bicycles with equal wheel sizes.

The Women's Sports Foundation does not normally concern itself with trade legislation but this particular situation does affect women in sports. Those bicycles that use the configuration of a smaller front wheel are generally designed for smaller female riders. By excluding these bicycles from the rates given to other, similar bicycles, small women who want a bicycle that is suited to them must, in effect, pay a premium.

Currently, the bicycles with a smaller front wheel are charged a 15% duty, while other bicycles pay only 5.5%. The additional duty adds considerably to the retail cost of bicycles for women.

Since over half of the 53.8 million Americans who bicycled last year are women, about 27 million women in this country ride bicycles. Given the health value of this activity, it would be in all of our best interests to encourage women to cycle regularly. Removing the additional duty from bicycles that are best suited for women is a good step in that direction.

Cordially,

Deborah Anderson

Deborah Slaner Anderson
Executive Director

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342 Madison Avenue, Suite 728, New York, NY 10173 212/972-9170 FAX 212 349-8024

H.R. 1958

To suspend temporarily the duty on certain fine fabrics of wool or fine animal hair

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Comments of
A. H. Helmig & Co., Inc.
on
H.R. 1958
Submitted to the
Committee on Ways and Means
United States House of Representatives
June 7, 1991

My company, A. H. Helmig & Company, Inc., is strongly opposed to the duty reduction or elimination on certain wool fabrics as described in H.R. 1958. We are raw wool converters whose product line includes U.S.A. and Foreign Raw Wool processed into scoured and combed wool consumed by spinners, weavers and knitters.

The existing tariff structure is well designed and does not unfairly penalize domestic apparel manufacturers using imported fabric.

The reduction of duties would impair the "US Wool Growers" incentive program as this is now an offset against wool duties and would therefore have a far greater detrimental effect to the US Economy then the small benefits to our apparel manufacturers.

The testing for determining the tariff applicable between 50% reduction, no tariffs and current tariffs would be an impossible task for customs to perform. Customs would be required to use a sophisticated laboratory to determine the fineness of the yarn that is in the fabric. Such tests are very time consuming and costly. This would put a further burden on an overworked Custom Service whose major job today is fighting the influx of drugs, which are pouring into this country.

In summary, we in the wool textile industry feel this bill will produce more harm, higher costs and confusion to an already impacted industry, besides being an administrative nightmare.

We urge your committee not to enact H.R. 1958.

Very truly yours,

A. H. HELMIG & CO., INC.

Albert H. Helmig

Albert H. Helmig, President

301 Haverford Avenue
Post Office Box 446
Narberth, Pennsylvania 19072-0446

(215) 667-0805
(800) 523-7285

AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION
ACTWU
AFL-CIO, CLC
15 UNION SQUARE • NEW YORK, N.Y. 10003-3377
TEL (212) 242-0700 FAX (212) 255-7230

JACK SHEINKMAN
President

ARTHUR LOEVY
Secretary-Treasurer

Statement of the Amalgamated Clothing and Textile Workers Union on H.R. 1958: A Bill for Temporary Duty Suspension on Fabric of Fine Wool or Fine Animal Hair.

Mr. Robert Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth
Washington, DC 20515

Chairman Gibbons and Members of the Subcommittee:

The Amalgamated Clothing and Textile Workers Union represents 240,000 workers in the textile and apparel industries, including the overwhelming majority of workers in the men's and boys' tailored clothing industry. Our union supports the passage of H.R. 1958 as necessary to the continued vitality and employment in this sector of the apparel industry. Our support of the bill is precipitated by the unique circumstance of the unavailability of this fabric from domestic manufacturers. Passage of this legislation will provide major costs savings and enhanced competitiveness for apparel manufacturers at no cost to fabric producers.

The domestic tailored clothing industry, which makes suits, sportcoats and higher quality single pants, provides work for 55,000 people. It is one of the few remaining sectors which allows people to be productive contributors to our economy by virtue of their physical abilities - by their skilled hands alone. It is one of the rare work opportunities available to the thousands upon thousands of new immigrants who enter our country speaking no English. It provides work to the 15 percent of our population who are illiterate or lack a high school diploma. A large number of single mothers support their families in this industry without expensive training or alternative opportunities in their rural locations.

The tailored clothing industry has suffered to a much greater extent than other industries during the current recession. Layoffs or short work weeks have hit close to one quarter of the work force. And there is no recovery in sight. Whatever macroeconomic recovery there may be has disguised and produced neglect of major disasters on a microeconomic level.

We should add that not only active employees are suffering, but contribution shortfalls to the industries' multiemployer pension program could potentially create real problems maintaining pensions and health care for the 40,000 plus retirees from this industry.

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AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION
ACTWU
AFL-CIO, CLC
15 UNION SQUARE • NEW YORK, N.Y. 10003-3377
TEL (212) 242-0700 FAX (212) 255-7230

JACK SHEINKMAN
President

ARTHUR LOEVY
Secretary-Treasurer

Page 2

The reduced duty for the very restricted list of fabrics set forth in this bill are available essentially only from a few foreign producers. Since fabric makes up about 50 percent of the cost of producing a suit or sportcoat, the 36.1 percent duty rate creates a major cost increase for garment manufactures and consumers with no offset of increased domestic employment or production in the textile mill sector.

The domestic tailored clothing industry has repeatedly said it will continue to purchase the wool fabrics produced by domestic companies, that it does not seek to substitute foreign goods for U.S. goods. In fact, by reducing specialized fabric import costs substantially, U.S. tailored clothing companies can aggressively pursue exporting finished garments to Europe and Japan. Seven companies have already begun an export campaign and this fabric duty reduction should make their products very competitive abroad.

Our union sees a major benefit to domestic employment with no costs to other segments of our economy by passage of this legislation. We urge the Subcommittee on Trade to pass H.R. 1958.

Sincerely yours,

Jack Sheinkman
President

JS:wrj/ag

VICE PRESIDENTS

JOHN ALLERUZZO
NOEL BEASLEY
CLAYOLA BROWN
KILMER CABAN
ED CLARK
ANTHONY COSTANZA
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JOAN SUAREZ
CECIL TOPPIN
JIM WALRAVEN

AAMA

AMERICAN APPAREL MANUFACTURERS ASSOCIATION

June 11, 1991

The Honorable Sam Gibbons
Chairman, Trade Subcommittee
Committee on Ways and Means
Washington, D.C. 20515

Dear Chairman Gibbons:

This is in response to you request for comment on the miscellaneous tariff and trade bills pending before your Subcommittee.

We are in strong support of H.R. 1958, a bill to suspend temporarily the duty on certain fine fabrics of wool or fine animal hair. We hope your Subcommittee will report it favorably.

The current duty on wool fabrics is 36 percent, while the duty on finished suits made from the same fabric is 21 percent. This alone is an anomaly in the U.S. tariff schedules which almost always apply a higher duty to a finished product than to a raw material for that product.

The fabrics in question either are not made in the United States or are made in quantities insufficient for the needs of the domestic tailored clothing industry. Also, domestic fabric manufacturers do not produce the variety available in other countries and their minimum purchases are much higher. Apparel industry estimates are that U.S. textile mills produce only three to five percent of the 3.4 million yards of this fabric used every year.

It is demonstrably unfair for U.S. tailored clothing manufacturers to be required to pay 36 percent duty for fabric they cannot obtain in the United States while a European tailor can put the same fabric into a suit and export the finished suit to the United States at 21 percent duty.

Import penetration by wool men's suits is high, equal to 41 percent of domestic production in 1989, the last year for which figures are available. By comparison, import penetration of wool fabric is much lower, 17 percent of domestic production, and has declined each of the last four years for which data are available.

2500 Wilson Boulevard/ Suite 301/ Arlington, Virginia 22201 • 703/524-1864 • FAX 703/522-6741

BAMA DIVISION
240 Madison Avenue
New York, NY 10016
212/686-3440

NOSA DIVISION
240 Madison Avenue
New York, NY 10016
212/686-3440

SAMA DIVISION
P.O. Box 589331
Dallas, TX 75258
214/631-0622

WESTERN DIVISION
P.O. Box 2291
Los Angeles, CA 90051
213/624-8929

The draft bill was carefully crafted so it would affect only the relatively small volume of fabrics for which supply is a problem for suit manufacturers. It would eliminate the 36 percent duty on fabrics made of 80s count yarn and finer and it would cut in half the 36 percent duty on fabrics made of yarn counts between 70 and 79. No other wool fabrics would be affected. In wool fabrics, the higher the yarn count the finer and more expensive the fabric.

It is not in the interest of the tailored clothing industry to damage the domestic textile industry on which it is reliant for the overwhelming majority of its fabric. Rather, the tailored clothing companies would be strengthened and be better long-term customers for the domestic mills if they had more economic access to the fabrics not available in appropriate quantities from U.S. sources.

Further, the lowering of duties on the finest fabrics from off-shore would not encourage suit manufacturers to move up in quality to the detriment of the U.S. mills. The price differential would remain too great. The finest fabrics are purchased in Italy at a landed price of $27 or more a yard. The most expensive domestic fabrics purchased by the same companies costs about $13.75 a yard. If the tariff were eliminated, the landed cost still would be about $20 a yard. The $6 differential still would prevent domestic manufacturers from trading up in fabric for their less expensive suits. For fabric made from 70s yarn, the 50 percent reduction would result in a landed price of about $23.50 a yard.

The Harmonized Tariff Schedule of the United States does not break out fabrics by yarn count. However, we estimate that imports of 80s and finer yarn amount to only 1.3 million square yards and that imports of fabrics with yarn counts between 70 and 79 amount to only 2.1 million square meters. This is only a small portion of the 16.5 million meters of 100 percent wool fabric imported last year.

The duty reduction provided by the bill would amount to an estimated $21.2 million, a small sum in terms of Customs revenue, but a major savings for the tailored clothing industry.

We would be pleased to respond to any questions you may have.

Sincerely,

Larry K. Martin
Director, Government Relations

Enc.
cc: The Honorable Louise M. Slaughter

Palm Beach
COMPANY

P.O. BOX #1610
CINCINNATI, OHIO 45201
PHONE (513) 241-4260

TO: Larry Martin
American Apparel Manufacturers Association

April 2, 1991

FAX # 703-522-6741

FROM: Ed Kaminow

Re: Wool duty bill

Currently, there are three (3) regions where we can purchase 80's count or better worsted fabrics, Europe, primarily Italy, Japan and domestically. In the United States, only Warren of Stafford produces Worsteds from 80's count and up. However, Warren is different from the other domestic resources in that it is owned by the Italian mill, Loro Piana in Biella, Italy. While Warren makes all the fabrics here, not all of the yarns they use in their cloths are made here. They will often use yarns sent from the parent company in Italy. Warren makes only plain weave and twill fabrics in suitings and blazer cloths utilizing 80's and super 100's counts.

Of the 1.3 million yards believed to be used annually in the finer grades, Warren probably accounts for 3 to 5 percent and mostly in plains as their limited styling approach tends to be classic in nature.

Dealing with fabrics produced with yarns of 70's to 79's, domestic producers are eliminated entirely. While Warren is capable of making these type cloths, they do not choose to do so. Most likely the reason being that Loro Piana does not make fabrics of this nature and Warren is not capable of spinning these counts; therefore, no existing yarn base to draw from. No other domestic worsted supplier makes any fabrics using warps finer than 2/56 metric in count.

I have sent out today two 1/2 yard cuts to U.S. Testing - copy attached.

TRADITIONAL AND CONTEMPORARY MEN'S CLOTHING AND SPORTSWEAR

INDEPENDENCE MALL EAST PHILADELPHIA, PENNSYLVANIA 19106-1881 PHONE (215) 922-4900

PBM

PINCUS BROTHERS-MAXWELL

April 25, 1991

Mr. Larry K. Martin
Director, Government Relations
American Apparel Manufacturers Association
2500 Wilson Boulevard, Suite 301
Arlington, VA 22201

Dear Larry:

I have your letter of April 22nd concerning the tariff on fine wool fabrics, and fully understand the expected longevity of getting the bill through Congress and certainly the House Ways and Means Committee.

PBM has been in business over 83 years in the United States. When I first started in the industry, approximately 43 years ago, there were probably 250 to 350 mills in the U.S. spinning a variety of worsted yarns. The American Woolen Company, one of the major providers of cloth during the Second World War, was the largest mill in the U.S. Today there are only three major worsted spinning operations still in existence - Burlington Industries, Forstman and Worsted Textile. These are the domestic suppliers for the industry. We have all read in the newspapers that the U.S. is unable to make F-16 planes without obtaining parts from Japan and other parts of the world. We are not suppliers of everything that is needed in this country.

Let me address the need for fine fabrications, specifically 70s and 80s quality worsted yarn spinning. It is well acknowledged that even the camera business is now totally Japanese. There is a crying need for the better manufacturers to compete with finished product that is being brought into this country, suits and/or sportcoats out of fine quality goods, at least to have the ability to compete on a level that is fair. The costing of the goods from off-shore makes it almost impossible for me to compete in any framework with off-shore manufacturers. We are a country of over 250 million people. The menswear industry needs to supply their retailers and ultimately their consumers with "Made in the USA" finished garments of fine quality yarns that cannot and will not be produced in this country.

I strongly urge my need and the need of other manufacturers in our industry to have the ability to purchase these cloths from off-shore without the inordinate duty being pushed on these cloths.

Thank you for your help in trying to help us exist in a difficult market.

Very truly yours,

PINCUS BROTHERS-MAXWELL

David N. Pincus

NEW YORK CITY / CHICAGO / DALLAS / CHARLOTTE / LOS ANGELES

THE GREIF COMPANIES

April 30, 1991

Executive Office

Mr. Larry Martin
AMERICAN APPAREL MANUFACTURERS ASSOCIATION
2500 Wilson Boulevard
Arlington, VA 22201
Suite 301

Dear Larry:

The Greif Companies would like to go on record stating that the American clothing companies are treated unfairly in that duty's on imported fabrics are higher than duty's on finished garments. This higher duty then forces the domestic manufacturer to compete unfairly against foreign competition.

We need fabrics made from 80's quality yarn and 70's quality yarn. They are virtually unavailable by domestic sources and need help in obtaining them. They are available overseas but at very high prices. Since these yarns are almost not available here, we need to lower the duty rates on fabrics made out of these finer qualities.

The Greif Companies therefore supports HR 1958, the bill that will eliminate the 36% duty on fabrics made of 80's yarn and cuts in half the duty on fabrics containing 70's yarn.

Sincerely,

Bill

Bill Steinmetz
Senior Vice President
Merchandising

cc: Norman Fryman

KUPPENHEIMER
MEN'S CLOTHIERS
P.O. Box 921309
5720 Peachtree Parkway
Norcross, Georgia 30092-7309
(404) 449-5877

David R. McMahon
President
Chief Executive Officer

June 3, 1991

Mr. Larry Martin
Director, Government Affairs
American Apparel Manufacturers Association
2500 Wilson Boulevard
Arlington, Virginia 22201

Dear Mr. Martin:

As you may know, Kuppenheimer is a major manufacturer, retailer of men's tailored clothing in the United States. In order to offer a value priced garment to our customer that is affordable yet distinctive from our imported competitors, we often find limitations in fabrics offered domestically. We therefore are requesting a reduction in tariff rates on fine wool suits, sport coats and dress slack fabrics, which we cannot obtain in the United States in appropriate quantities.

The finer worsted wool fabrics at the 70's grade level or better is offered by our major competitor through imported garments that require a lower duty rate of 20% rather than the 36.1% duty rate of imported wool fabrics. These fabrics are usually characterized by styling, construction, yarn grade, and yarn size different from those of our U.S. fabric sources.

In order to present a competitive presentation in our lines employing the same qualities and variety as our competition, this issue becomes significantly relevant to our future competitive posture and success.

Sincerely,

David R McMahon

David R. McMahon

HARTMARX

Homi B. Patel
President

Hartmarx Men's Apparel Group
2020 Elmwood Avenue
Buffalo, New York 14207
716 874-5000

June 4, 1991

Mr. Larry Martin
Director, Government Affairs
American Apparel Manufacturers
Association
2500 Wilson Boulevard
Arlington, Virginia 22201

Dear Mr. Martin:

I am writing to you with regard to fine worsted wool fabrics and the very unfair duty rate presently levied on these fabrics.

Today, we must pay a duty of 36.1% on cloth purchased outside the United States, whereas our foreign competition pays a duty of only 2% on an exported garment using the same raw materials. Unfortunately, there are no serious domestic suppliers of such fabric. While Burlington and Warren of Stafford do produce a small amount of goods in 80's grade and finer, their limitations in styling, higher minimum quantities and lack of appropriate yarn size makes it such that we are forced to import goods from overseas.

We would appreciate your doing whatever possible to rectify this inequity.

Sincerely,

Homi Patel

HBP:jbo/woolduty

American Textile Manufacturers Institute, Inc.
1801 K Street, N.W., Suite 900, Washington, D.C. 20006
Tel: 202/862-0500 Fax: 202/862-0570

June 11, 1991

The Honorable Sam Gibbons, Chairman
Subcommittee on Trade
House Ways and Means Committee
United States House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing this letter on behalf of the American Textile Manufacturers Institute (ATMI), which is the national trade association for the domestic textile industry. Our member companies operate in more than 30 states and account for approximately 75 percent of all textile fibers consumed by mills in the United States. These comments are filed in conjunction with request for written comments on certain tariff and trade bills.

ATMI is writing in strong opposition to H.R. 1958, a bill to suspend temporarily the duty on certain fine fabrics of wool or fine animal hair. This legislation is clearly harmful to the producers of fine wool fabrics here in the United States. These wool fabrics which the legislation would allow to be brought into the United States at sharply reduced duties are recognized as being both unique and among the most import-sensitive among all the various textile fiber products.

Two aspects of wool fabric production make it unique in the world of textiles. The fiber itself is unique relative to cotton and manufactured fibers. Its price can easily be ten times the price of cotton and polyester fiber and its production is limited to a relatively small number of countries. Second, the process of wool fabric production is highly complex and expensive, utilizing equipment unique to the processing of wool fibers.

The domestic wool fabric industry has invested heavily in state-of-the-art manufacturing equipment, much of which can only be used in the processing of wool textiles. Just last year, in fact, one of our members opened a brand new, ultra-modern facility designed to produce short run, high-end suiting fabrics, exactly like those which would be imported under this legislation. Let me assure you that there exists both a willingness as well as a capability to produce the types of fabrics which the legislation would permit to be imported at a sharply reduced rate of duty. In fact, our members are selling these products to their customers and are eager to continue this business.

CRAFTED WITH PRIDE IN U.S.A.

Hon. Sam Gibbons
June 11, 1991
Page 2

While the size of the market for these types of fabric is quite small, the impact of this duty reduction would be quite great. The impact of the legislation would be felt in three different sectors. Those companies which can and do spin the yarn which is used in this fabric would have their market severely curtailed. Secondly, a sharply reduced duty would create a price advantage for those companies using the imported fabric, an effect which would inevitably lead to a shift away from other worsted fabrics towards these fabrics. Finally, the tariff differential would be so great that there would be a tremendous incentive for importers of all types of wool fabric to claim that their imported fabrics should receive reduced duty treatment.

The United States should not cut duties on products which are presently being produced and sold domestically if such cuts would adversely impact domestic producers. This bill, H.R. 1958, would certainly have that effect. ATMI urges that the Subcommittee on Trade disapprove H.R. 1958.

Sincerely,

Carlos Moore

Carlos Moore
Executive Vice President

CM/kma

THE AMERICAN
YARN SPINNERS ASSOCIATION, INC.

P.O. BOX 99
GASTONIA, NORTH CAROLINA 28053
704-824-3522

June 7, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

We are writing to express the opposition of the American Yarn Spinners Association (AYSA) to H.R. 1958, a bill to temporarily suspend the duty on certain fine wool fabrics. AYSA is a trade association representing a number of firms who produce wool yarns for sale to knitters and weavers of wool fabrics.

Over the past three decades, we have seen a continuing decline in worsted system spinning that can be directly correlated to the import of wool fabrics and apparel. The particular sensitivity of wool has long been recognized by the United States government and by the international trading community as reflected by the lower growth factors embodied in the Multifiber Arrangement.

It is our belief that any reduction in the tariffs on these fabrics would have a detrimental effect on spinners of wool yarn as well as fabrics made from these yarns. We, therefore, urge the Committee's opposition to H.R. 1958.

With best regards.

Sincerely,

Jim H Conner

Jim H. Conner
Executive Vice President

Statement of James C. Leonard III
Manager, Economic Analysis
on Behalf of Burlington Industries, Inc.
in Opposition to HR 1958

Burlington Industries expresses its strong opposition to HR 1958, a bill to reduce or eliminate tariffs on certain imported worsted wool fabrics made of yarns with yarn numbers (yarn count) 70 and higher. Burlington Industries is a diversified U.S. textile manufacturer whose product line includes fine count worsted wool fabrics for apparel end uses.

Burlington has invested very large sums of money to be able to compete in all sectors of the worsted fabrics market. Recently it spent $25 million in constructing, equipping and training personnel for a new manufacturing facility which is devoted solely to manufacturing short production runs of specialty worsted fabrics made from fine count worsted yarns - such as those covered by the pending legislation. We are now actively soliciting business for this facility.

We are also aware that other domestic worsted manufacturers have made recent, significant investments to be able to manufacture these same fabrics. We believe that U.S. manufacturers are now in a strong position to supply the demands of the fine count worsted fabric market.

We and others made these major investments based on the premise of continuation of existing tariff schedules. Enactment of the proposed tariff legislation would involve breaking faith with the companies that made these huge outlays. Reductions or elimination of tariffs of the magnitude discussed in HR 1958 would be devastating to the fine count and other segments of U.S. worsted fabric manufacturing, causing serious employment losses and economic harm to a great number of communities.

Below is a point list more fully explaining our concerns and reasons for strongly opposing this proposed legislation.

- Arguments made to support the proposed legislation imply that U.S. suit manufacturers who use foreign fabrics incur a significant tariff penalty on their product when such product is compared with the tariff that is payable on a comparable imported suit using an equivalent fabric. In fact, the opposite is the case. The total tariff paid on an imported suit is higher than the tariff incurred on an imported fabric which is made into a comparable suit in the United States using a fabric that is equivalent to that used in the imported suit. In turn, it cannot be inferred, as indicated in the supplementary remarks accompanying the introduction of this bill, that tariff differentials between fabrics and suits could possibly cause employment loss in U.S. apparel manufacturing. If anything, the differential clearly favors U.S. apparel manufacturing, which is demonstrated by growing imports of fine count fabrics and declining imports of suits made from similar fabrics.

- It is believed that the USTR may negotiate tariff cuts on textile products during the Uruguay Round. As part of this process, the USTR ordinarily would negotiate equivalent tariff concessions from other foreign governments. Enacting the proposed tariff legislation would give major nonreciprocal tariff concessions to all foreign countries exporting the involved products to the U.S. The legislative action would thereby undermine U.S. trade negotiating strategy and probably result in even greater tariff concessions having to be made by the U.S. in the Uruguay Round.

- It is also believed that the USTR intends to negotiate the elimination of all present quotas on the involved products as part of its Uruguay Round negotiation. Accordingly, the reduction or elimination of tariffs would mean that the worsted fabric industry would be left with no line of defense against the onslaught of imports following the conclusion of the Uruguay Round's implementation time table.

- It has been alleged by the legislative commentary that accompanied the introduction of HR 1958 that wool fabrics needed to make fine men's wool suits are either not made in the United States or are made in quantities insufficient for the demand of the domestic clothing industry. In addition, it is inferred that by making changes only to duties of fine count wool fabrics, there would be no adverse economic effect to U.S. worsted manufacturers.

  In fact, fine count fabrics are now being increasingly made in the U.S. Burlington Industries is presently producing many such fabrics and is in the process of introducing more. Other U.S. worsted fabric producers are also producing fine count worsteds. Burlington and other U.S. worsted companies have recently completed very large, new facilities to produce these fabrics on a volume basis. We believe that U.S. manufacturers have now installed the capacity and committed the resources to satisfy the U.S. fine count market for worsted fabrics. Accordingly, enactment of the proposed tariff cuts would very likely devastate the recent investments by U.S. producers to make these fine count fabrics and would also create very harmful repercussions in all other sectors of the worsted fabric market.

- Enactment of the involved legislation would likely provoke actions by importers to circumvent the new tariff law. Under this law, Customs agents would have the impossible task of trying to detect the differences between those worsted fabrics which would have no tariff, those having a 50% reduction in tariffs, and those products that would be unchanged.

  To help illustrate the difficulty of visually differentiating between products affected or not affected by the legislation, we are attaching several sample swatches of fabrics covered by the bill, ie, fabrics made from 70's and finer yarn counts and also samples of fabrics with coarser yarns that would not be affected by the bill. The ordinary human eye or touch would not be able to classify the product and determine appropriate duty.

  Only by using sophisticated laboratory analysis could Customs determine the fineness of the yarn count that is in a fabric and thereby establish the appropriate duty. Such tests would be very time consuming and costly, and very likely unreliable or misleading to anyone other than experts that are highly trained in worsted fabric analysis. Since Customs now examines visually less than 1% of all fabric imports, it is likely that much less than 1% of worsted fabric imports would be subject to laboratory analysis. The requirements of the bill are therefore very likely to create an open invitation to massive fraud which will undermine the economic soundness of the entire U.S. worsted fabric industry.

- Further issues which emphasize the large difficulties and likely futility that Customs would face in interpreting and applying this legislation are noted below.

The language of HR 1958 raises a number of unaddressed, complex and relevant technical questions which could permit a wide range of interpretation and in turn, an impossible task for Customs administration.

Some examples are: How would plied and/or unique yarns be handled?
How would moisture regain be handled?
What would be done about blended fabrics, eg, combining lower count worsted yarns with very fine denier synthetic yarns?
What would be done about finished versus non finished fabrics?

- In sum, for all of the above reasons, we respectfully conclude that the proposed legislation should not be enacted.

060691.jl

HOWARD COBLE
SIXTH DISTRICT
NORTH CAROLINA

430 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3306
(202) 225-3065

COMMITTEES
JUDICIARY
MERCHANT MARINE AND FISHERIES

Congress of the United States
House of Representatives
Washington, DC 20515-3306

DISTRICT OFFICES:
P.O. BOX 299
324 WEST MARKET STREET
GREENSBORO, NC 27402-0299
(919) 333-5005

510 FERNDALE BOULEVARD
HIGH POINT, NC 27260-4742
(919) 886-5106

P.O. BOX 814
124 WEST ELM STREET
GRAHAM, NC 27253-0814
(919) 229-0159

P.O. BOX 1813
118A WEST SECOND STREET
LEXINGTON, NC 27293-1813
(704) 249-7011, EXT. 388

June 10, 1991

The Honorable Sam Gibbons
Committee On Ways And Means
1136 Longworth Hob
Washington, D.C. 20515

Dear Sam:

I am writing to urge the Subcommittee on Trade not to include H.R. 1958 in the miscellaneous tariff package which will be assembled later in the term.

Representative Slaughter of New York introduced H.R. 1958 on April 18. The bill would eliminate or reduce tariffs on certain fine count worsted wool fabrics.

These types of fabric are made by Burlington Industries, Inc., which is based in my district. In addition to its corporate headquarters, Burlington operates four plants and various other facilities nearby which account for more than 4,000 jobs. Lowering or suspending duties on foreign products which are also made by Burlington will inevitably result in job loss.

In addition, H.R. 1958 would have a damaging impact on very similar or competing fabrics manufactured by Burlington. Again, this would produce further job loss. Parenthetically, I understand that Burlington is not the only U.S. manufacturer of fabrics affected by the bill in this way.

I am also concerned that the Customs Service, which examines less than five percent of all textile and apparel imports, will be unable to cope with the higher incidence of fraud that will probably ensue should Congress enact H.R. 1958. After examining some of the fabrics (including similar or competing fabrics) made by Burlington and covered by the bill, I have concluded that Customs inspectors face an impossible task. In the absence of a sophisticated testing procedure allowing them to distinguish accurately among the different types of fabric, inspectors will not know how to categorize imported fabric pursuant to the bill.

In sum, H.R. 1958 is a controversial measure which will result in higher U.S. unemployment. I urge you and your subcommittee colleagues to reject its inclusion in the miscellaneous trade package.

Thank you for your time and consideration.

Sincerely,

Howard

HOWARD COBLE
Member of Congress

CRYSTAL BRANDS
1290 Avenue of the Americas, New York, NY 10104 212 581-7520

Edward B. Dailey
Executive Vice President

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth Building
Washington, D.C. 20515

Dear Mr. Leonard:

I am writing to you on behalf of several tailored clothing divisions of Crystal Brands to express support for the pending wool fabric bill H.R. 1958.

The issues surrounding importation of wool seem to be extremely clear, and I trust that you are most familiar with the variables.

It is our opinion that it is extremely unfair that, as a tailored clothing manufacturer, we should be required to pay 36% duty on fabric which we cannot obtain in the United States while a European-based competitor can put the same fabric into a finished product which can be exported to the U.S. at a 21% rate.

The current rules clearly are favoring our European competition which has increased penetration of the U.S. market in recent years during a period in which imports of wool fabric have been significantly reduced.

We urge complete support for this legislation. If any additional specific information about our experience with wool imports is required, we would be happy to furnish it.

Very truly yours,

Edward B. Dailey

EBD/rv

IZOD EVAN-PICONE GANT marvella Haspel
TRIFARI LACOSTE MONET Palm Beach SHIP'N SHORE Calvin

General Business Legislative Committee

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VICE CHAIR:
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Village Green

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Rochester Lumber Company
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Rochester Home Builders Association
Mary Frances Winters
The Winters Group
Jean Kase Hamm
Public Affairs Manager
Greater Rochester Metro
Chamber of Commerce

55 St. Paul Street
Rochester, NY 14604-1391
716-454-2220

June 7, 1991

Hon. Louise Slaughter
30th District
1707 Longworth House Office Building
Washington, D.C. 20515-3230

RE: General Business Support for H.R. 1958

Dear Congresswoman Slaughter:

I am writing to express the support of the General Business Legislative Committee for H.R. 1958.

As you may know, the General Business Legislative Committee is comprised of small and medium-sized businesses in Greater Rochester. We have approximately 30 members and take positions on legislation and regulation which impacts the competitiveness of business.

It is our position that H.R. 1958 should be supported by Congress and the President because it will help U.S. clothing manufacturers who import 100% worsted wool. It is my understanding that these manufacturers cannot obtain such fabrics within the United States and must pay a 36% duty on such imports. This excessive cost component lessens the ability for domestic manufacturers to compete internationally.

Because H.R. 1958 would dramatically reduce the percent of the duty for imported fabrics, it will strenghten this industry in the United States. This will improve our economic climate both in Greater Rochester and nationally.

For the reasons outlined above, the General Business Legislative Committee unanimously supports passage of H.R. 1958.

Sincerely,

Jessie Marvin Lazeroff

Jessie Marvin Lazeroff
Vice Chairman
General Business Legislative Committee
and
Vice President of Operations
Village Green Bookstore

The
CHAMBER
THE GREATER ROCHESTER METRO CHAMBER OF COMMERCE

55 St. Paul Street
Rochester, NY 14604-1391
(716) 454-2220

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Former Chairman
Board of Directors
Eastman Kodak Company
President
THOMAS T. MOONEY

Chamber Affiliates
Black Business Association
of Greater Rochester
CEO Roundtable
Gates-Chili Council
Greater Rochester Retail
Merchants Council
Henrietta Area Council
High Technology of Rochester
International Business Council
Irondequoit Council
Ogden-Spencerport Council
Rochester Chamber Associates
Rochester Professional Sales
Association
Rochester Safety Council
Rochester Sales & Marketing
Executives Club
Small Business Council
of Rochester
Transportation Club
Women's Council

June 7, 1991

The Honorable Louise M. Slaughter
30th Congressional District
1707 Longworth House Office Building
Washington, D.C. 20515-3230

RE: SUPPORT FOR H.R. 1958 -- TARIFF REDUCTIONS

Dear ~~Congresswoman Slaughter~~: Louise:

On behalf of the Greater Rochester Metro Chamber of Commerce, I would like to express support for H.R. 1958 which would reduce tariffs on a small portion of 100 percent wool worsted fabric imported into the United States.

The current duty on wool fabric is 36 percent while the import duty on finished suits and sport jackets made from the same fabric is only 21 percent. As the sponsor of H.R. 1958, you must share our concern that U.S. tariff schedules almost always apply a higher tariff to raw materials than the finished product.

H.R. 1958 will strengthen the competitive advantage of Hickey-Freeman, a Rochester-based manufacturer, and thereby, ensure a long-term customer for domestic mills which produce men's tailored fabrics. The fabrics in question pose a supply problem for Hickey Freeman and other U.S. clothing manufacturers. It is important to eliminate the 36 percent duty on fabrics made of 80's count yarn and finer, and to cut to 18 percent the duty on fabrics made of yarn counts between 70 and 79. (No other fabrics would be affected.)

The Greater Rochester Metro Chamber of Commerce supports H.R. 1958 because it will help U.S. business compete more effectively in the global marketplace. We encourage Congress and President Bush to take favorable action on this legislation.

Sincerely,

Thomas T. Mooney

Thomas T. Mooney
President
Greater Rochester Metro
Chamber of Commerce

THE GREIF COMPANIES

NORMAN M. FRYMAN
Chief Executive Officer
President

June 6, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth Building
Washington, D.C. 20515

Dear Mr. Leonard:

As domestic tailored clothing manufacturers employing almost 2000 people we urge you to support Bill HR 1958 introduced by Representatives Louise Slaughter and Frank Horton.

We are committed to keeping our people employed, yet we are subject to tariffs that run counter to this intention and foster competitive imports.

Why must we pay a 36% duty for fabric we must purchase overseas because it is not made domestically while manufacturers in those same countries using those same fabrics are subject to only a 21% duty on the finished garment.

Allowing us a level of playing field would not adversely affect domestic mills but might enhance our ability to compete with foreign imports.

We urge your support for HR 1958.

Regards,

Norman M. Fryman

1290 Avenue of the Americas Suite 1900 New York, N.Y. 10104

THE GREIF COMPANIES

June 6, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102 Longworth Bldg.
Washington, D.C. 20515

Dear Mr. Leonard:

As one of the largest men's clothing companies in the U.S., we ask for your help and support for bill "HR 1958" which would reduce the tariff on certain 100% wool worsted fabrics imported into the U.S.

We buy fabrics with 80s quality wool or finer overseas because they are virtually not available here in the U.S. We ask that the duty rate be lowered for this category of fabrics and a small portion of fabrics using 70s to 79s great wool.

The duty rate on fabric is 36% but on imported suits it is 21% duty. Our competitors bring in finished garments with the above mentioned wools, pay 21% duty, and we must pay 36% duty for fabric. We cannot compete fairly on this basis.

Help to make our market compete fairly by supporting bill "HR 1958".

Sincerely,

Bill Stein

BILL STEINMETZ
Sr. V.P. Merchandising

BS:mc

cc: L. Martin, AAMA

1290 Avenue of the Americas Suite 1900 New York, N.Y. 10104 Tel. (212) 399-4130 Fax (212) 265-6548 Telex 234159

JUN-12-91 WED 12:41 HMX EXECUTIVE OFFICE P.02

Kenneth A. Hoffman
President and
Chief Executive Officer

Hart Schaffner & Marx
101 North Wacker Drive
Chicago, Illinois 60606
312 372 6300

June 12, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102 Longworth Building
Washington, DC 20515

Dear Mr. Leonard:

Subject: **Wool Fabric Bill (H.R. 1958)**

With regard to 80's grade and fine worsted wool fabrics, we currently buy them from mills in Italy, England, Japan and, to a lesser degree, the United States. Presently, in the U.S., only Warren of Stafford (owned by Loro Piana of Italy) weaves these fine worsteds. However, the yarns for these fabrics must be imported.

Warren of Stafford produces approximately 50,000 yards of plain weave and twill weave fabrics in 80's grade and finer. This represents only a small percentage of the annual domestic consumption of these fine worsteds. Warren's collection is highly classic from a styling point of view. This viewpoint limits the varied merchandising requirements for our company.

In worsted wool fabrics at the 70's grade level, the predominant domestic supplier is Burlington. However, due to limitations in styling, higher minimum quantities and a lack of a fine yarn size, Burlington cannot sufficiently fulfill our needs. Specifically, the higher quantities required by Burlington limits our ability to offer the styling diversity necessary across our brands. Furthermore, this present yarn size is larger than that of foreign suppliers, thereby creating a 70's grade fabric that is heavier and coarser than can be purchased elsewhere.

In order to make competitive presentations in our lines employing the same qualities and variety, we must pay duty of 36.1% on cloth purchased outside the U.S. Our foreign competition pays a duty of 2% on an exported garment using the above mentioned product.

Sincerely,

Ken Hoffman

KAH/gk

HOTEL
DES ILES BORROMEES
STRESA

CIGA
HOTELS

PAGE
1.

June 11, 1991

To: Larry Martin - AAMA - FAX# 703-522-6741

From: E.O. Hand - Hartmarx

Please forward to:
Mr. Robert Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives.

Dear Mr. Leonard,

Please excuse a hand-written letter. I am writing to you regarding bill H.R. 1958.

The American tailored clothing industry has long been disadvantaged by the duty structure accorded to all wool fabrics. However, the issue has gone from one of inconvanience to one of competitive

28049 Stresa / Telegr: Grandhotel Stresa / Telex: 200377 BORHIF I / Tel. 0323/30431 / Telefax: 0323/32405

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inequity in the past 5 to 10 years. During this period, our market has experienced a very significant growth of imported all wool tailored clothing from western Europe, particularly Italy and Germany. This clothing bears a 21% duty, though it is constructed of the same fine all wool fabrics that we must acquire with a 36% duty. Since these fabrics (80's count yarn and finer) are not available in suitable variety or quantity from U.S. sources, we are placed in a disadvantaged position relative to major foreign competitors. I hope this is helpful.

Sincerely, E. Hand
Pres. & C.O.O. Hartmarx Corp.

28049 Stresa / Tele[illegible] / Tel. 0323/30431 / Telefax 0323/32405

FROM INTER CONT

HARTMARX

Homi B. Patel
President

Hartmarx Men's Apparel Group
2020 Elmwood Avenue
Buffalo, New York 14207
716 874-5000

June 11, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth Building
Washington, DC 20515

Dear Mr. Leonard:

I am writing to you with reference to the bill introduced by Representatives Louise Slaughter and Frank Horton, HR 1958, to reduce tariffs on a selected portion of fine wool-worsted fabrics imported into the U.S. We certainly hope that you will communicate to members of your Committee our strong endorsement of this bill.

Today, all American clothing manufacturers must pay a duty of 36.1% on cloth purchased outside the United States, whereas our foreign competition pays a nominal or insignificant duty. Besides, there is a serious discrepancy in the U.S. tariff schedules, wherein we apply a lower duty (21%) to a finished product than we do to the raw materials for that product. Unfortunately, there are no serious domestic suppliers of such fabric. While Burlington Industries and another company by the name of Warren of Stafford do produce a small amount of fine worsteds, their limitations in styling, higher minimum quantities, lack of appropriate yarn size and lack of diversity makes it such that we are forced to import goods from overseas.

It is not our desire, nor is it in our interest in any way, to damage the domestic textile industry. We sincerely believe that by being more competitive with foreign manufacturers, we will be stronger and, consequently, be better customers of the domestic textile industry.

After much consultation, this bill was carefully crafted so that, in fact, it would in no way disturb the domestic industry. It would eliminate the 36% duty on fabrics made of 80's count yarn and finer and it would cut in half the duty on fabrics made of yarn counts between 70 and 79. It appears that this change would affect a very small portion of total worsted fabric utilized in this country and, further, is an even smaller percentage of the total fabric used by domestic manufacturers.

The duty reduction provided in this bill would amount to a very small amount in terms of Customs revenue and, in the overall picture, would be more than adequately compensated for by the increased employment provided by U.S. domestic manufacturers.

We hope you will do all that is necessary to support this legislation.

Sincerely,

Homi Patel

W.G. (BILL) HEFNER
8TH DISTRICT, NORTH CAROLINA

2161 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-3715
FAX (202) 225-[illegible]

COMMITTEES:
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
CHAIRMAN: SUBCOMMITTEE ON MILITARY CONSTRUCTION

Congress of the United States
House of Representatives
Washington, DC 20515

DISTRICT OFFICES:
P.O. BOX [illegible]
101 UNION STREET, SOUTH
CONCORD, NC [illegible]
(704) [illegible]-1616 or [illegible]-1612
FAX (704) [illegible]-1004

P.O. BOX 4220
HOME SAVINGS AND LOAN BLDG.
507 WEST INNES STREET, SUITE 225
SALISBURY, NC 28144
(704) [illegible]
FAX (704) [illegible]-0271

P.O. BOX 1503
230 EAST FRANKLIN STREET
ROCKINGHAM, NC 28379
(919) [illegible]
FAX (919) [illegible]

June 11, 1991

Honorable Sam Gibbons
Chairman
Ways and Means Subcommittee On
 Trade
1136 Longworth HOB
Washington, DC 20515

Dear Mr. Chairman:

I am writing to express my strong opposition to H.R. 1958 which would suspend the tariff on certain categories of imported woolen fabrics. The elimination or reduction of the duty on these worsted woolen fabrics will adversely affect the operations of Burlington Industries which has facilities in my Congressional District which makes the yarns that go into these types of fabrics.

This company employs over 2,300 in the Eighth District and 1,600 of them are directly involved in either spinning and dyeing these yarns or weaving the worsted wool fabrics. Other Burlington Industry facilities involved in these operations would also be affected, including one in Congressman Payne's district in Clarksville, Virginia, where a $25 million investment has just been made to construct and equip a new faciliy devoted solely to manufacturing short production runs of specialty worsted fabrics made from finer count worsted yarns such as those that would be covered in this proposal. Other domestic companies are also involved in efforts to increase this activity.

The tariff rates currently in existence for these types of woolens have been in place for decades and were certainly taken into consideration by Burlington Industries and other companies which have made business investment decisions to increase production of this type of fabric.

It makes no sense to reduce or eliminate duties on imported fabrics which would displace U.S. production both of the same competing fabric as well as similar fabrics. The price differential between products not covered in the bill but which are so similar in quality to the imported fabric would be so little that the domestic fabric would be seriously impacted, would cost thousands of jobs, and would pull the rug out from under U.S. textile manufacturers which are making large investments to compete with imports.

I very much oppose this tariff reduction bill which is not necessary and which would have an adverse impact on textile workers not only in my district but in other areas as well. The products they make are not only for commercial sale to apparel manufacturers, but are also produced for the Department of Defense. Burlington Industries is the largest supplier to the U.S. Government of worsted fabrics for military dress uniforms, the production capability of which must be maintained in the United States. Under the Berry/Hefner Amendment language, the DOD is required to Buy American for these military supplies. Without a reasonably healthy commercial business, companies cannot adequately maintain their production base to fulfill military requirements.

Therefore, I urge that the Committee reject this tariff reduction proposal. I will greatly appreciate your consideration of this request.

With kindest regards, I am

Sincerely yours,

Bill

BILL HEFNER
Member of Congress

BH/ids

cc: Dan Rostenkowski
Ed Jenkins
Thomas J. Downey
Donald J. Pease
Frank J. Guarini
Robert T. Matsui
Beryl Anthony, Jr.
Byron L. Dorgan

June 6, 1991

Point List in Opposition to HR 1958

- It is alleged that these fabrics are either not made in the United States or made in quantities sufficient for the demand of the domestic clothing industry. In fact, these products are being made in the U.S. and volume of production is being expanded to meet demand.

- Several domestic companies have invested in excess of $20 million each to build and outfit production facilities and train personnel strictly for the production of shorter runs and to make the fabrics containing high count yarns.

- There is no way that Customs officials could ascertain that the fabrics are made of the yarns referred to in this legislation. In order to confirm that the fabrics are what they are alleged to be would require complicated, and time consuming laboratory tests. Even with such tests being conducted, the level of sophistication of the tests is not high enough to always ensure conclusive results.

- The incentive for fraudulent documentation on imported wool fabrics already high, would be exacerbated and would cause countries to take advantage of the situation. The difference between paying 40% duties and 20% or 0% duties on fabrics would be strong incentives to cheat.

- The language contains a number of technical issues, open to a wide range of interpretation.

- In addition to outright fraud in the form of incorrect documentation, it would also be possible to use very low count wool yarns in combination with fine denier synthetic yarns to create the impression of high count wool yarns.

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- Wool fabric manufacturing is unique and much more complicated than the comparable processes for cotton or manmade fibers. Manufacture of a cotton or manmade yarn requires less than 10 processes while that for a worsted yarn may require more than 25 separate steps.

- The production of cotton or manmade fabric for suiting may require 10-15 processes while that for worsted fabric for suiting will require 20-30 processes.

- The existing tariff structure on wool fabrics is not a quirk in the U.S. tariff schedule. The tariff schedule is designed to help compensate for the unusually high levels of investment needed by U.S. wool fabric manufacturers.

- Even though the rate of duty is higher for fabric than for suits made from this fabric, the absolute values of the duties collected would be higher on the suits item.

- The U.S. is currently negotiating tariff cuts on textile products as part of the Uruguay Round. To unilaterally cut our tariffs as proposed in this legislation would not only be damaging to the fabric industry but would be harmful and counter-productive to the tariff negotiating process. It may even eventually result in greater tariff concessions having to be made by the U.S. in the Uruguay Round.

- USTR is already negotiating elimination of textile quotas leaving tariffs as the only form of protection for the textile industry. To unilaterally do away with these tariffs would leave us no line of defense against the onslaught of imports.

HICKEY-FREEMAN
COMPANY INC.
POST OFFICE BOX 200 • ROCHESTER, NEW YORK 14601 • 716-467-7240 • FAX 716-467-7641

WALTER B.D. HICKEY, JR.
CHAIRMAN

June 5, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

Representatives Louise Slaughter and Frank Horton, who represent us in upstate New York, have introduced H.R. 1958, a bill that would reduce tariffs on a small portion of 100% wool worsted fabric imported into the United States. The current duty on wool fabrics is 36% while the duty on finished suits made from the same fabric is 21%. This alone is an anomaly in U.S. tariff schedules which almost always apply a higher duty a finished product to than to a raw material for that product.

The Hickey-Freeman Company has been in business in Rochester since 1899. For over 92 years we have sought to obtain the finest fabrications for the manufacture of our high quality men's wear. This suspension of duties is important to us because the fabrics in question are not made here in the United States or are made in insufficient quantities for the needs of the domestic tailored clothing industry. Our domestic fabric manufacturers do not produce the variety available and the minimum domestic requirements for purchase are much higher than foreign sources. It is not the intent of the tailored clothing industry to damage the domestic textile industry on which it is reliant for a great portion of its fabric. Rather, by having this advantage, the companies in the United States would be strengthened and be better long-term customers for the domestic mills if they had more economic access to the fabrics not available in appropriate quantities from U.S. sources.

It is demonstrably unfair for the U.S. tailored clothing manufacturers to be required to pay 36% duty for fabric they cannot obtain in the United States while European manufacturers can put the same fabric into a suit and export the finished suit to the United States at only 21% duty.

This bill was carefully crafted so it would affect only the relatively small volume of fabrics for which supply is a problem. It would eliminate the 36% duty on fabrics made of 80's count yarn and finer and would cut in half the 36% duty on fabrics made of yarn counts between 70 and 79. No other wool fabrics would be affected. This change in certain fabrications is not new. The current regulations were changed during the Kennedy Rounds in the mid 60's. Prior to that, there was a difference in the rates based on costs on certain types of quality fabrics. Hence, there has been precedent set for this type of action.

It is our hope that you will support this necessary piece of legislation in order to rebuild the domestic apparel manufacturing companies in the United States.

Cordially yours,

Walter B D Hickey, Jr

Industrial Legislative Committee

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Roger Kober
Rochester Gas and Electric Corporation

VICE CHAIRMAN:
James Ryan
IBM Corporation

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IMC

Ronald DiLiddo
Delco Products

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Thomas Mooney
Greater Rochester Metro Chamber of Commerce

John Purcell
Rochester Telephone Corporation

Jean Kase Hamm
Public Affairs Manager
Greater Rochester Metro Chamber of Commerce

55 St. Paul Street
Rochester, NY 14604-1391
716-454-2220

June 7, 1991

The Honorable Louise Slaughter
30th Congressional District
1707 Longworth House Office Building
Washington, D. C. 20515-3230

RE: STATEMENT OF SUPPORT FOR H.R. 1958

Dear Congresswoman Slaughter:

As chairman of the Industrial Legislative Committee, I would like to express our support for H.R. 1958. After a briefing of the benefits of this bill for Hickey Freeman, a clothing manufacturer based in Rochester, our committee voted unanimously to convey this support to you.

For your information, the Industrial Legislative Committee represents the larger businesses in Greater Rochester. We meet periodically to review proposals which would affect business operations. Our committee seeks to promote economic development through involvement in the legislative process.

It is our understanding that H.R. 1958 will assist U.S. clothing manufacturers who now must pay a 36 percent duty on imported wool. This bill addresses two major concerns relating to this situation: (1) the supply of the needed fabric — Hickey Freeman and other U.S. clothing manufacturers cannot obtain the needed wool domestically; and (2) the preferential treatment of finished products over raw materials by U.S. tariff schedules.

The Industrial Legislative Committee supports H.R. 1958 because it eliminates the 36 percent duty on fabrics made of 80's count yarn and finer and reduces the duty on fabrics made of yarn counts between 70 and 79 percent. The end result is that the U.S. clothing manufacturing industry would be strengthened considerably.

Our committee applauds your efforts as a sponsor of H.R. 1958, and would like to go on record in support of this important legislation.

Sincerely,

Roger Kober

Roger Kober
President
Rochester Gas and Electric Corporation
and
Chairman
Industrial Legislative Committee

June 11, 1991

Robert J. Leonard
Chief Counsel
Committee on Ways and Means
US House of Representatives
Longworth House Office Building, Room 1102
Washington, DC 20515

Dear Mr. Leonard:

The Industrial Management Council wishes to go on record with strong support of the duty suspension bill H.R. 1958 as introduced by Representatives Louise Slaughter and Frank Horton. This bill, which would temporarily suspend the duty on certain fine fabrics of wool or fine animal hair, will enable companies in our area like Hickey-Freeman Company, Inc. to obtain the necessary fabrics which are unavailable in the United States to maintain their manufacturing of quality, "Made in the USA" suits and sport coats.

Hickey-Freeman Company, Inc. based in Rochester, New York, was founded in 1899 on the philosophy of producing a quality, custom tailored product and has maintained its' reputation as the finest tailored clothing manufacturer in the country. We believe it is not fair for companies such as Hickey-Freeman to be required to pay a 36 percent duty for fabric which cannot be obtained in the United States. H.R. 1958 was carefully drafted so it would affect only a relatively small volume of fabrics for which supply is a problem for clothing manufacturers. This suspension of duty would strengthen Hickey-Freeman and enable them to be better long term customers for domestic mills and would in no way affect business with the small producers of men's tailored fabrics here in the United States.

We ask your support of H.R. 1958 (Ms. Slaughter of New York and Mr. Horton).

Thank you for your consideration of this important bill to the Rochester community.

Sincerely,

Arthur E. Aspengren

Arthur E. Aspengren
President

AEA:ram

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The Hutchison House ■ 930 East Avenue ■ Rochester, N.Y. 14607-2296 ■ 716-244-1800 ■ FAX 716-244-4864

MONROE COUNTY
OFFICE OF THE COUNTY EXECUTIVE

THOMAS R. FREY
COUNTY EXECUTIVE
(716) 428-5301

June 10, 1991

Mr. Robert J. Leonard
Chief Counsel, Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: HR 1958

Dear Mr. Leonard:

I am writing in support of HR 1958 which has been introduced by Congresswoman Louise Slaughter and Congressman Frank Horton. This bill would reduce tariffs on a small portion of 100% wool worsted fabric imported into the United States.

Hickey-Freeman Company, Inc. is a Monroe County, New York, manufacturer of high quality men's clothing. Hickey-Freeman currently pays a 36% duty on fabrics it is not able to obtain in the United States. HR 1958 would eliminate the 36% duty on fabrics made of 80's count yarn and finer and would cut in half the 36% duty on fabrics made of yarn counts of between 70 and 79. The reduction in duty would strengthen Hickey-Freeman and enable it to be better long-term customers for domestic mills.

Hickey-Freeman employs approximately 800 people in Monroe County and is a vital part of our community. HR 1958 would enable Hickey-Freeman to maintain its presence in Monroe County and to continue to grow and prosper in our community. I urge your strong support of this important legislation.

Sincerely,

Thomas R. Frey
County Executive

cc: Congresswoman Louise Slaughter
Congressman Frank Horton
Walter B.D. Hickey, Jr., Chairman, Hickey-Freeman
Lynne Clarke, Director, Monroe County Economic Development Department

110 COUNTY OFFICE BUILDING ● 39 WEST MAIN STREET ● ROCHESTER, NY 14614

STATEMENT ON H.R. 1958

BY DENNIS M. JULIAN
EXECUTIVE VICE PRESIDENT
NORTH CAROLINA TEXTILE
MANUFACTURERS ASSOCIATION, INC.
P.O. BOX 31448
RALEIGH, NORTH CAROLINA 27622

I am Dennis M. Julian, Executive Vice President of the North Carolina Textile Manufacturers Association (NCTMA), the statewide trade association for the textile industry in North Carolina. NCTMA's members have business facilities in 85 of North Carolina's 100 counties, employ 75 percent of the state's 206,400 textile workers, and produce approximately 80 percent of the $15 billion in textile products shipped from this state annually.

NCTMA is opposed to H.R. 1958, which would suspend temporarily the duty on certain fine fabrics of wool or fine animal hair, for four reasons.

First, proponents' suggestions that these tariff changes should be enacted because these fabrics either are not produced in the United States or are produced in insufficient quantity to meet domestic clothing industry demand are not correct. These fabrics are being produced domestically and production is being expanded to meet market demand. Several domestic companies have invested more than $20 million each to build and equip facilities and to train personnel strictly for the production of shorter runs (for enhanced customer service) and to make the fabrics containing higher yarn counts. Domestic producers, therefore, are both capable of serving and willing to serve this market, and the enactment of H.R. 1958 will significantly harm American producers of both yarn and fabric governed by this legislation.

Second, the production of wool fabric involves a highly complex and expensive process which uses equipment unique to this fiber and not convertible to other purposes. The manufacture of a cotton or manmade yarn requires less than 10 processes, while the manufacture of a worsted yarn can require more than 25 separate steps. The production of cotton or manmade fabric for suiting can require 10 to 15 processes, versus 20 to 30 processes for worsted fabric for suiting. The existing tariff structure for wool fabrics is designed to recognize and help compensate for the unusually high levels of investment required by domestic wool fabric producers.

Third, the wool fabrics which H.R. 1958 would allow into this country at sharply reduced duties are recognized as being among the most import-sensitive of all textile fiber products. The incentive for fraudulent documentation on imported wool fabrics is already high and would be exacerbated by the enactment of H.R. 1958. The tariff differential created by this legislation would be more than enough to encourage importers of various other types of wool fabrics to seek reduced duty treatment for their non-qualifying fabrics. NCTMA does not believe that U.S. Customs officials can determine the eligibility of fabrics because such a determination requires complex and time-consuming laboratory tests.

Finally, the unilateral reduction of tariffs as proposed by H.R. 1958 would not only damage the domestic yarn and fabric industry, but would also be counter-productive to the tariff negotiating process in which the United States is currently engaged in the Uruguay Round of GATT negotiations.

NCTMA therefore believes that H.R. 1958 is controversial and should therefore not be included in any legislative package of miscellaneous tariff bills. ##

Northern Textile Association

June 6, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Bldg.
Washington, DC 20515

Dear Mr. Leonard:

The Northern Textile Association wishes to record its opposition to H.R. 1958, the bill to temporarily suspend the duty on certain fine wool fabrics. Northern Textile Association is a trade association representing textile mills throughout the Northeast and certain specialty textile producers elsewhere in the country. The Northern Textile Association Wool Manufacturers Council represents over 80% of the producers of woolen and worsted fabrics in the United States.

The United States government has long recognized the particular import sensitivity of the woolen and worsted fabric industries. Woolen and worsted fabric manufacturing is a small, highly import-sensitive industry requiring large capital investment and skilled operators. The fine worsted fabrics which are the subject of H.R. 1958 are available domestically and are currently being produced by, among others, the Warren Corporation, Stafford Springs, Connecticut, which has invested upwards of $20 million in the last two years for the purpose of producing worsted fabrics of fine yarn counts.

Other woolen and worsted manufacturers in the U.S. also have the capability to produce these fabrics under proper market conditions. There are also spinners of woolen and worsted yarn in the Southeast and the Northeast who have the capability to produce fine count yarns for sale to domestic weavers.

In addition to the direct impact of increased imports in the fine yarn count worsted fabrics, a suspension of duties on these fabrics would result in a loss of business to other woolen and worsted producers as the resulting price advantage would cause an inevitable market shift toward these fabrics. Woolen and worsted fabric producers throughout the U.S. would be impacted by such a duty concession to offshore producers.

230 Congress Street • Boston, MA 02110 • 617-542-8220 • 617-542-2199 FAX

CRAFTED WITH PRIDE IN U.S.A.

In addition to the legal market shift which would occur if such a tariff reduction were effected, we would anticipate widespread fraud as importers of all types of worsted fabrics began to declare their products within the range which is subject to the duty suspension. We cannot envision an effective test which could be administred by Customs which would determine whether a fabric fell on one side or the other of the 70's or 80's yarn count line. The incentive to cheat would be very great. We are in an era when revenues for Customs enforcement have not kept pace with the burden which vastly increased importing activity has placed on that agency. This legislation would increase the burden of enforcement on the Customs Service while reducing the overall intake of duty revenues.

The United States woolen and worsted industry is now hopeful of some recovery from a two-year period which has seen the worst market conditions in over two decades. The tariff suspension contemplated by H.R. 1958 would have a very negative impact on certain companies in the industry who have invested heavily in upgrading their production in recent years. It would adversely affect the entire woolen and worsted fabric industries in the United States.

Thank you for your consideration of our comments.

Sincerely,

Karl Spilhaus
President

KS:mw

L. F. PAYNE
5th District, Virginia

1118 Longworth Building
Washington, DC 20515
(202) 225-4711
Fax: (202) 225-1147

Administrative Assistant
Jim Johnson

Toll Free 1-800-535-4008

Congreſs of the United States
House of Representatives
Washington, DC 20515

PUBLIC WORKS AND
TRANSPORTATION COMMITTEE

SUBCOMMITTEES:
SURFACE TRANSPORTATION
AVIATION
WATER RESOURCES

COMMITTEE ON THE
BUDGET

June 12, 1991

Honorable Sam Gibbons
1136 Longworth Office Building
Washington, DC 20515

Dear Chairman Gibbons:

I am writing in opposition to the duty reduction or elimination on certain wool fabrics as described in H.R. 1958. This bill is now being considered by your Subcommittee on Trade.

Burlington Industries, located in my district, is a diversified U.S. Textile manufacturer whose product line includes worsted wool fabrics for apparel end uses. Burlington is an integral part of the Fifth District community. It is one of the largest employers, with approximately 4,000 employees, in Southside Virginia.

There is a misconception that very fine wool fabrics are either not made in the United States or made in quantities insufficient for the demand of the domestic clothing industry. H.R. 1958, introduced by Representative Louise Slaughter would reduce the tariff allowing these fine wool fabrics to enter the U.S. at a cheaper rate.

However, fine wool fabrics are being made in the U.S. Burlington Industries is presently making many such fabrics and is in the process of introducing more. I believe that fabric manufacturers across the United States have now installed the capacity and committed the resources to satisfy the U.S. fine count market. Recently, Burlington spent $25 million in constructing a state of the art facility in my district that allows Burlington to solicit business for their very fine worsted fabric covered by the bill in the competitive textile marketplace.

This facility was built on the premise that current tariff schedules would be maintained. H.R. 1958 would devastate this and other sectors of the U.S. worsted fabric manufacturing, causing serious employment losses and economic harm to many communities in the Fifth District.

I would appreciate your consideration of this letter and the harmful effects H.R. 1958 would have on the domestic textile industry. If you have any questions regarding this matter, please feel free to contact my legislative assistant, Leigh Emick at 5-4711.

Sincerely,

L.F. Payne

L. F. Payne

District Offices:

☐ Frances H. Price, Manager
Dan Daniel Post Office Building
Suite 301
Danville, VA 24541
Telephone: (804) 793-1280
Fax: (804) 797-6843

☐ Margaret Watkins, Manager
Abbitt Federal Building
103 South Main Street
Farmville, VA 23901
Telephone: (804) 392-8331
Fax: (804) 392-6448

☐ Greg Kelly, Manager
P.O. Box 298
Highway 664-W
Nellysford, VA 22958
Telephone: (804) 361-1888
Fax: (804) 361-1184

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TRADITIONAL AND CONTEMPORARY MEN'S CLOTHING AND SPORTSWEAR

INDEPENDENCE MALL EAST PHILADELPHIA, PENNSYLVANIA 19106-1881 PHONE (215) 922-4900

PBM

PINCUS BROTHERS-MAXWELL

June 7, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth Building
Washington, DC 20515

Dear Mr. Leonard:

In the City of Philadelphia, PBM employs well over 1,000 people in the manufacturing of tailored men's and women's clothing (we are the largest manufacturer in the City). At one time the City manufactured 24% of the clothing made in the United States, and there are probably only two or three firms still in existence here today. You know how difficult it is to manufacture, especially in today's business climate, however, there are many justifiable reasons for us to request assistance from the government pertaining to certain issues.

In order to compete with the rest of the world, we have to compete with off-shore made clothing when, for all intents and purposes, there is one major mill left in the United States, that being Burlington Industries. This clothing, for the most part, is constructed of cloths that are purchased from various countries, and the cloth itself is of a quality that cannot be found in the United States. Forgetting the cheaper labor that exists in certain parts of the world, we are obligated to pay duty of 36% on all wool fabrics. In the case of the importers who are importing finished product, that is tailored clothing out of better cloths, the duty on finished product is 21%. Our industry is requesting some relief from this disparage of percentages from cloth to product being brought into this country.

The needle industry has suffered enormously, be it men's, women's or children's clothing, over the last twenty years. Our union, the Amalgamated Clothing and Textile Workers' Union, keeps standing with their work force. In order to compete, we need every advantage that we possibly can get. Our request to be able to import cloths that, because of their quality, are are not manufactured in the United States at the same rate that someone can import a suit, seems to be the only correct way for us to try to compete.

This letter, I hope, will point out some of the disparities and problems that we face as domestic manufacturers. I sincerely hope that you will address these and favorably acknowledge our need.

Very truly yours,

PINCUS BROTHERS-MAXWELL

David N. Pincus

David N. Pincus

NEW YORK CITY / CHICAGO / DALLAS / CHARLOTTE / LOS ANGELES

City of Rochester

Thomas P. Ryan, Jr.
Mayor

City Hall
Rochester, New York 14614
Tel. 716-428-7045
FAX 716-428-7069

June 10, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

I am writing as Mayor of the City of Rochester to express my strong support for H.R. 1958 suspending temporarily the tariff on select fine fabrics of wool or fine animal hair.

This proposed legislation, jointly authored by Congresswomen Louise Slaughter and Congressman Frank Horton, would be of major benefit to an important Rochester firm, the Hickey-Freeman Company, Inc. This company has been a major employer in the City of Rochester for over a hundred years. The exceptional quality of its products is known world-wide. It is the last surviving men's clothing manufacturing firm still functioning in Rochester, where this industry once provided 15,000 jobs.

The proposed tariff suspension is specifically targeted to materials which Hickey-Freeman cannot secure from its customary domestic suppliers. The existing rate for these fabrics is 36%, while finished products made with these same materials pay only a 21% rate, imposing a substantial competitive disadvantage on the Hickey-Freeman Company, in the face of increasingly acute international competition.

The long term success of the Hickey-Freeman Company is also of considerable importance to the large national network of domestic suppliers from which this firm purchases most of its materials.

I would be most grateful if you could communicate my strong support for this legislation to distinguished members of the Committee on Ways and Means. Six additional copies of this letter are enclosed. Also, please let me know if there is any additional information I could provide which would contribute to the expeditious and favorable consideration of this legislation.

Sincerely,

for Thomas P. Ryan Jr. (S.a)

Thomas P. Ryan, Jr.
Mayor

Warren of Stafford® WARREN CORPORATION
An Affiliate Of
Lanificio Ing. Loro Piana & C. s.p.a.
P.O. Box 520
Stafford Springs, Ct. 06076

June 3, 1991

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

Re: H.R. 1958

Please find herewith enclosed the letter sent to the Honorable Auggie D. Tantillo, which is self explanatory.

By means of this letter, I wish to ask for your assistance; please do your best to help us in this matter which is very important for the success and the development of the textile industry in the U.S.A.

Sincerely,

Roberto Modica
Vice President of Operations

Fax (203) 684-7500 Phone (203) 684-2766

Warren of Stafford® WARREN CORPORATION
An Affiliate Of
Lanificio Ing. Loro Piana & C. s.p.a.
P.O. Box 520
Stafford Springs, Ct. 06076

June 3, 1991

Honorable Auggie D. Tantillo
Deputy Assistant Secretary
Textiles & Apparel
Room H-3100
U.S. Department of Commerce
Washington, D.C. 20230

Dear Honorable Tantillo:

This company wishes to express its firm opposition to Honorable Louise Slaughter's bill proposition (HR 1958) concerning the elimination and reduction of the custom duties limited to the finer worsted fabrics.

As you saw first hand, production of the finer worsted fabrics (70's, 80's and finer) is taking place in our mill in Stafford Springs, CT.

Our company has now completed its first phase which included capital investments of $20 million in up to date industrial equipment and structures, over $4 million in personnel retraining of almost 200 people and $500,000 in a new marketing structure in New York. This first phase has given us a potential production capacity of 1 million yards/year of the finest woolen and worsted fabrics.

It is our intention to increase the production capacity beyond this level, depending on the market requirements, in order to compete more aggressively with our foreign counterparts who, with production capacities of 2 to 5 million yards/year reach economies of scale enabling them to offer very competitive prices.

Needless to say, the adoption of tariff reductions limited to the finer worsted fabrics would be viewed as discriminatory against companies such as ourselves who have invested heavily in the production of quality worsted fabrics; it would result in the interruption of current and future investments, and could result in our having to close the business.

The consequences would be devastating for us and for the local community of Stafford Springs.

Various European countries have shown that the higher end of the textile industry is a capital intensive one, where lower labor costs alone are inconsequential. Surely it is in the best interest of the U.S. government and the U.S. apparel manufacturers to help and not hinder the section of the textile industry that is the least likely to be influenced by the on coming competition created by countries such as China and the Eastern block.

Hoping to have explained our position clearly, I thank you for your consideration.

Sincerely,

Roberto Modica
Vice President of Operations

H.R. 1959

To extend the existing suspension of duty on mixed ortho/para-toluenesulfonamides

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CLEARY, GOTTLIEB, STEEN & HAMILTON
1752 N STREET, N.W. WASHINGTON, D.C. 20036-2806
(202) 728-2700

FACSIMILE
(202) 429-0848
TELEX
440807

ONE LIBERTY PLAZA
NEW YORK, NY 10006

41, AVENUE DE FRIEDLAND
75008 PARIS

RUE DE LA LOI 23 - BTE 5
1040 BRUSSELS

99 BISHOPSGATE
LONDON EC2M 3YL

GEORGE W. BALL
ROBERT C. BARNARD
FRED D. TURNAGE
COUNSEL

ULMENSTRASSE 37-39
6000 FRANKFURT AM MAIN

BANK OF CHINA TOWER
ONE GARDEN ROAD
HONG KONG

SHIN KASUMIGASEKI BUILDING
3-2, KASUMIGASEKI 3-CHOME
CHIYODA-KU, TOKYO 100

R. MICHAEL DUNCAN
DONALD L. MORGAN
DOUGLAS E. KLIEVER
DANIEL B. SILVER
KENNETH L. BACHMAN, JR.
CHARLES F. LETTOW
RICHARD deC. HINDS
SARA D. SCHOTLAND
JOHN S. MAGNEY
MARK LEDDY
JOHN C. MURPHY, JR.
HENRY J. PLOG, JR.
DANA L. TRIER
EUGENE M. GOOTT
JANET L. WELLER
MITCHELL S. DUPLER
LINDA J. SOLDO
GIOVANNI P. PREZIOSO
JOHN T. BYAM

RESIDENT PARTNERS

JOHN S. FINNERAN, JR.
W. RICHARD BIDSTRUP

SPECIAL COUNSEL

JOHN H. BREDEHOFT
MATTHEW D. SLATER
PETER J. [illegible]
STEVEN H. ROBINSON
SCOTT N. BENEDICT
ERNEST MAYERFELD
BRUCE S. McCOY*
LINDA B. MATLACK
WOLFRAM FISCHER
SUSAN K. BENDER
STUART E. FELDSTEIN
JEFFREY I. SUTVINIK
MITCHELL E. HERR
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JEFFREY R. SHAPIRO
DEBORAH E. SIEGEL
WILLIAM A. SAYEN
JAMES W. POIRIER
GEOFFREY L. HAMLIN
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KIRK VAN BRUNT

JULIE A. WADDELL*
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RUTH E. OLSON*
BRADLEY A. LUSHER*
RICARDO ANZALDUA*
KRISTIN S. MACKERT*
ROBERT T. BRADFORD*
ROBERT J. MUELLER*
ELIZABETH M. BURKE*
JEFFREY P. MAHNON*
THOMAS M. DOYLE*
CONSTANCE B. HIGGINS*
JENNIFER H. LESTER*

*NOT ADMITTED IN THE DISTRICT OF COLUMBIA

May 23, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 1959

Dear Mr. Leonard:

Day-Glo Color Corporation through counsel hereby expresses its support of H.R. 1959, to extend the existing suspension of duty on mixed ortho/para toluene sulfonomide ("the Product"). Day-Glo Color Corporation is a wholly owned subsidiary of Nalco Chemical Company, a publicly owned, United States corporation. It is principally engaged in the manufacture of daylight fluorescent pigments. A high percentage of its pigments are based on the Product, which it must still purchase from foreign sources.

The circumstances obtaining at the time the Congress first suspended the duty on the Product remain in effect. If you have any questions or require any additional information, please contact me at (202) 728-2801.

Yours sincerely,

Walter B. Smith II
Legislative Assistant

H.R. 1961

To suspend temporarily the duty on phenyl hydrazine

DATE: June 5, 1991

TO: Robert J. Leonard, Chief Counsel **CONFIDENTIAL**
Committee on Ways and Means
U. S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D. C. 20515

FROM: George Simmons, Vice-President, Marketing
First Chemical Corporation
700 North Street
Post Office Box 1249
Jackson, Mississippi 39215-1249

RE: **H.R. 1961, 102ND CONGRESS, A BILL TO TEMPORARILY SUSPEND THE DUTY ON PHENYL HYDRAZINE, INTRODUCED APRIL 18, 1991**

RESPONSE TO MAY 14, 1991 REQUEST FOR WRITTEN COMMENTS ON CERTAIN TARIFF AND TRADE BILLS

First Chemical Corporation ("FCC"), with its primary production facility located in Pascagoula, Mississippi, and being a wholly owned subsidiary of First Mississippi Corporation, has requested introduction of the above-referenced bill to temporarily suspend the duty for a period of three years on a chemical product which a subsidiary company, Quality Chemicals, Inc., located in Tyrone, Pennsylvania, imports. The imported chemical, phenyl hydrazine, is used to manufacture two fine chemical intermediates, commonly known as Phenidone A and Phenidone B, both of which are sold primarily to customers in the United States for use in production of developer solutions.

FCC believes that suspending the duty on phenyl hydrazine will have no negative impact on U.S. business or labor, and will be of significant benefit to FCC for the following reasons:

1. There are no domestic producers of phenyl hydrazine and FCC knows of no domestic company which is anticipating manufacturing this product. FCC knows of no substitute for phenyl hydrazine in the purposes for which it is used by FCC. Current world producers are located in Germany, Japan and China. Thus, no U.S. business will suffer lost revenues or be required to reduce its work force because of lower demand for its product due to a cheaper import.

2. FCC's competitive position in the world market will improve due to lower manufacturing costs of Phenidones A and B. FCC recently purchased the Phenidones A and B product line from another U.S. manufacturer that had not emphasized this business over the past several years. FCC intends to aggressively market this business line and become a major world wide supplier. FCC's principal competitor in the manufacture of these products is a German company; one of the producers of phenyl hydrazine is also a German company. Consequently, FCC's principal competitor does not have to pay a domestic duty, allowing it to manufacture without that expense. A lower cost to FCC would enhance its ability to compete against other manufacturers of these products in Germany, other European countries and Japan for business in those countries. Furthermore, the decreased cost of phenyl hydrazine should result in improved revenues for FCC and other domestic users of phenyl hydrazine, since the current duty adds unnecessarily to the cost of manufacturing any product in which phenyl hydrazine is used.

3. It does not appear that suspension of the duty would result in a significant reduction in revenues for the U.S.

From a technical standpoint, please note that phenyl hydrazine is not specifically listed in the current Harmonized Tariff Schedule of the United States. Heading/Subheading #2928.00.20 is a general classification for Other Aromatic Organic Derivatives of hydrazine or of hydroxylamine. In order to limit the implications of the proposed bill to phenyl hydrazine, FCC would suggest creating a special subheading #2928.00.15 specifically for phenyl hydrazine. To FCC's knowledge, and using the current schedule as a reference, subheading #2928.00.15 would be appropriate and is not currently in use.

FCC considers this bill non-controversial and urges the Committee's support and efforts toward passage of this bill.

Respectfully submitted,

George Simmons
Vice-President, Marketing

GS:lli

H.R. 1962

To suspend temporarily the duty on mandelic acid

DATE: June 5, 1991

TO: Robert J. Leonard, Chief Counsel **CONFIDENTIAL**
Committee on Ways and Means
U. S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D. C. 20515

FROM: George Simmons, Vice-President, Marketing
First Chemical Corporation
700 North Street
Post Office Box 1249
Jackson, Mississippi 39215-1249

RE: **H.R. 1962, 102ND CONGRESS, A BILL TO TEMPORARILY SUSPEND THE DUTY ON MANDELIC ACID, INTRODUCED APRIL 18, 1991**

RESPONSE TO MAY 14, 1991 REQUEST FOR WRITTEN COMMENTS ON CERTAIN TARIFF AND TRADE BILLS

First Chemical Corporation ("FCC"), with its primary production facility located in Pascagoula, Mississippi, and being a wholly owned subsidiary of First Mississippi Corporation, has requested introduction of the above-referenced bill to temporarily suspend the duty for a period of three years on a chemical product which a subsidiary company, Quality Chemicals, Inc., located in Tyrone, Pennsylvania, imports. The imported chemical, mandelic acid, is used to manufacture a fine chemical intermediate, formyloxymandeloyl chloride, commonly known as FOMC, which is sold to European subsidiaries of U.S. multinational pharmaceutical companies.

FCC believes that suspending the duty on mandelic acid will have no negative impact on U.S. business or labor, and will be of significant benefit to FCC for the following reasons:

1. There are no domestic producers of mandelic acid and FCC knows of no domestic company which is anticipating manufacturing this product. FCC knows of no substitute for mandelic acid. The only producer of mandelic acid is located in Japan. Thus, no U.S. business will suffer lost revenues or be required to reduce its work force because of lower demand for its product due to a cheaper import.

2. FCC's competitive position in the world market will improve due to lower manufacturing costs of FOMC. For example, currently, if FCC desires to sell FOMC to a European customer, it must pay an import duty on mandelic acid, freight charges for the shipments overseas and an import fee into the European market. A Dutch competitor, however, has significantly lower freight charges, no import duty into the European market and may not be required to pay an import fee on the mandelic acid from Japan. Thus, if the import duty on mandelic acid is suspended, FCC can reduce its manufacturing costs and produce a lower priced and more marketable product. This should also result in improved revenues for FCC and other domestic users of mandelic acid, since the current duty adds unnecessarily to the cost of manufacturing any product in which mandelic acid is used.

3. It does not appear that suspension of the duty would result in a significant reduction in revenues for the U.S.

FCC considers this bill non-controversial and urges the Committee's support and efforts toward passage of this bill.

Respectfully submitted,

George Simmons,
Vice-President, Marketing

GS:lli

H.R. 1963

To suspend until January 1, 1995, the duty on ranitidine hydrochloride

Glaxo

Glaxo Inc.

E. GEOFFREY LITTLEHALE
Vice President
Government Relations

June 12, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
House Ways and Means Committee
Room 1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

A bill to temporarily suspend the duty on ranitidine hydrochloride, H.R. 1963, has been reintroduced in the 102nd Congress by Congressmen Tim Valentine and David Price. Ranitidine hydrochloride is a chemical entity used exclusively in the production of Zantac, a patented pharmaceutical product widely used for the treatment of ulcers and other peptic acid disorders.

As you may recall, in the last Congress this legislation was not introduced in time for your subcommittee to consider the duty suspension in its omnibus trade bill. The measure was included, however, in the Senate bill. An agreement was worked out in the trade bill conference that called for a House subcommittee hearing and a study to be conducted by the International Trade Commission. Although the other manufacturers of competing ulcer drugs supported the duty suspension, a London-based pharmaceutical company, SmithKline Beecham, objected to the bill. The ITC study was an attempt by Congress to seek a neutral third-party to examine the claims of SmithKline and analyze the impact the duty suspension would have on competition in the ulcer market.

The House Subcommittee on Trade held a hearing on the duty suspension on September 24, 1990. The ITC report was released on January 18, 1991. Although no doubt the committee is familiar with the record of the hearing and the ITC study, I am attaching the ITC report's executive summary. The ITC examined two ways in which a duty suspension on ranitidine hydrochloride could competitively impact on SmithKline -- Glaxo could use the duties saved to increase promotional expenditures or by lowering the price of Zantac, thereby increasing its market share. However, the ITC report concluded the following:

1500 K Street, N.W., Suite 650, Washington, D.C. 20005

(1) The ITC dispelled the argument made by SmithKline that Glaxo would use the duties saved to increase its promotional activities and substantially increase its market share. The report states "Glaxo and SmithKline Beecham's promotional efforts are unlikely to be directly linked to the outcome of any duty suspension." The ITC report further points out that since 1985, both companies' promotional activities have declined as a percentage of total ulcer product expenditures. Glaxo reduced promotional activities from 60 percent in 1985 to 33 percent in 1989, and SmithKline's reduced its share from 40 to 17 percent of promotional expenditures in 1989. Both companies have ample resources available to increase their promotional budgets if they determined that to do so would benefit the company. Neither company needs additional revenue to increase marketing activity.

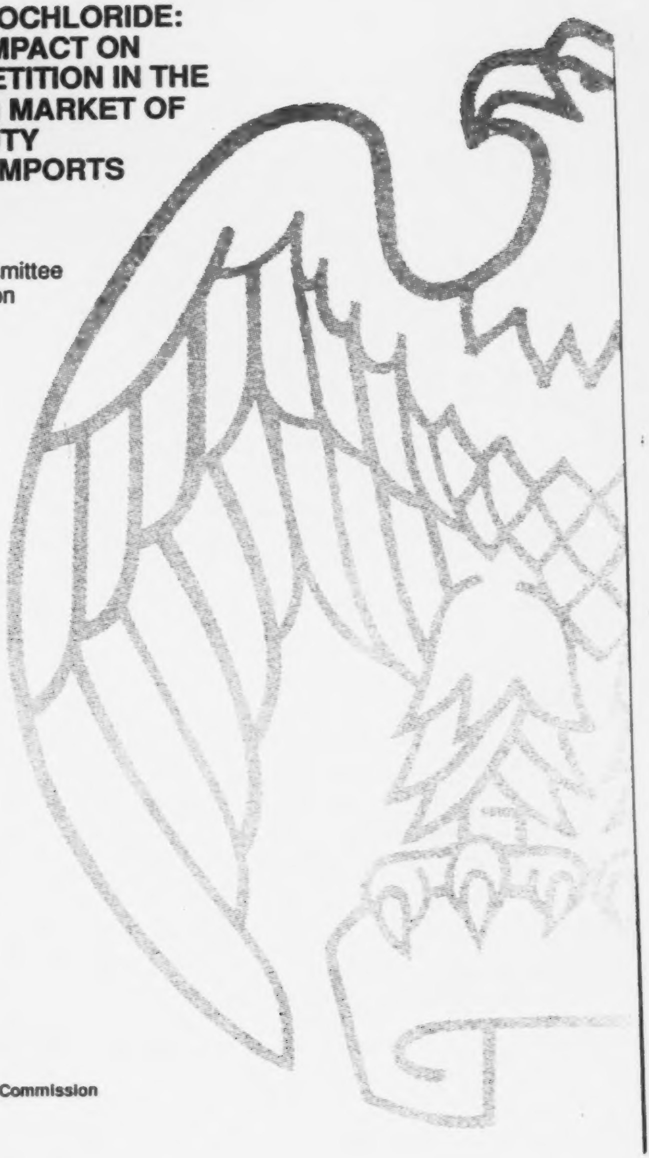
(2) The ITC employed an upper bound or worst case assessment to determine what the possible market share consequences would be of a complete pass-through of all duties saved. This "worst case" assessment found that, at most, there would be a de minimus impact and even it would occur only if Glaxo were to pass through to consumers all of its savings. As the report states "The estimates presented in this report should be interpreted as upper bound estimates. Therefore assuming a full pass-through of the duty to the final consumer, it is estimated that Glaxo would lower the price of Zantac by 0.82 percent....at most, Tagamet's market share (based on total sales) would decline by 0.27 to 0.37 percent." Considering the fact that Zantac has been historically priced at 25-30 percent higher than Tagamet, a less than one percent price reduction of Zantac would not significantly impact market share. Furthermore, even SmithKline has acknowledged that Glaxo would not use its duty suspension savings to lower the price of its product.

We feel that the ITC clearly asserts that a duty suspension for ranitidine hydrochloride would have an insignificant impact on competition in the $2 billion ulcer market. However, assertions put forward by SmithKline Beecham, discredited now by the weight of evidence, have created a controversy where none should exist. It is our hope that the committee will look beyond discredited arguments to assess the merit of this duty suspension request.

Sincerely,

RANITIDINE HYDROCHLORIDE: THE POTENTIAL IMPACT ON DOMESTIC COMPETITION IN THE ANTIULCER DRUG MARKET OF A TEMPORARY DUTY SUSPENSION ON IMPORTS

Report to the Senate Committee
on Finance on Investigation
No. 332–300 under
Section 332(g) of the
Tariff Act of 1930



USITC PUBLICATION 2352

JANUARY 1991

United States International Trade Commission
Washington, DC 20436

EXECUTIVE SUMMARY

A bill that would have provided duty-free entry for imported ranitidine hydrochloride[1] from most-favored-nation sources was introduced in the Senate on July 18, 1989, as S. 1342. A House counterpart bill was introduced on August 3, 1989, as H.R. 3130.[2] However, because of opposition from SmithKline Beecham,[3] the Administration, and from some members of Congress, the Senate Finance Committee was unable to agree on the provision and, as a result, it was not included in the noncontroversial miscellaneous tariff bills voted out of committee. Moreover, as indicated during the September 24, 1990, hearing held by the Subcommittee on Trade of the House Ways and Means Committee, House conferees on H.R. 1594 would not accept the inclusion of the provision for duty-free entry of imported ranitidine hydrochloride in the final proposed text of H.R. 1594, the Customs and Trade Act of 1990, because of this opposition. As requested by the Committee on Finance of the U.S. Senate and instituted by the Commission on October 31, 1990, this investigation will provide information pertaining to the potential impact on the domestic competition in the antiulcer drug market of suspending temporarily the duty on U.S. imports of ranitidine hydrochloride.

Industry sources estimated that the U.S. prescription antiulcer drug market was valued at $2.15 billion in 1989, compared with $825 million in 1985. In 1989, seven products, including Tagamet and Zantac, were sold in the U.S. prescription antiulcer drug market. In terms of value, Tagamet and Zantac accounted for 51 percent and 22 percent of the market, respectively. Of the seven domestic companies marketing these drugs in the United States, five have some foreign affiliation with respect to their antiulcer product.

In 1989, the total value of U.S. imports of the active ingredients in the seven antiulcer drugs under consideration was about $530 million, an increase of almost 50 percent compared with the estimated $350 million of imports in 1988. The estimated growth in imports of these products is expected to at least keep pace with the 9.5 percent average annual growth rate for the U.S. market for these products during 1991-95. Glaxo[4] is expected to account for least 65 percent of U.S. imports of the active ingredients during 1991-93, compared with 88 percent in 1985. Industry sources have indicated that U.S. exports of the active ingredients in these products during 1985-89 were negligible.

The highlights of the report are as follows:

- **Price competition in the antiulcer market can be affected by a number of factors, including changes in the structure of an industry, changes in future product mixes, and by pricing strategies.**

The U.S. pharmaceutical industry underwent a number of corporate mergers during the past decade. This trend towards consolidation, both on a domestic and an international basis, is continuing into the 1990s. In addition to mergers and joint ventures, a number of companies are entering into strategic alliances. In the antiulcer drug industry, Glaxo was the first company to enter a strategic alliance when it entered into an agreement in 1983 with Hoffmann-LaRoche, allowing Hoffmann-LaRoche to market Zantac (under the Glaxo trade name) in the United States. International strategic alliances and partnerships have since become an integral part of the antiulcer drug industry, as indicated by the number of licensing agreements currently in effect.

The current growth rate in the U.S. antiulcer market, about 15 percent, is expected to decrease to about 9.5 percent during 1991-95. Future competition from new products, including effective over-the-counter products; the availability of lower priced generic products; and possible legislation aimed at curbing price increases might lower the future growth rate and make the industry more price competitive.

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[1] Ranitidine hydrochloride is the active ingredient in Glaxo's brand-name product Zantac,® one of the seven prescription antiulcer drugs in the U.S. market. Zantac® is a registered trademark.

[2] Both pieces of legislation were introduced on behalf of Glaxo. Glaxo imports ranitidine hydrochloride from Singapore and the United Kingdom.

[3] SmithKline Beecham produces a brandname antiulcer product, Tagamet,® domestically. Tagamet® is a registered trademark. Tagamet was the first histamine H_2-receptor antagonist introduced in the United States for general clinical use. Cimetidine hydrochloride is the active ingredient in Tagamet.

[4] Glaxo is the company seeking to have the U.S. duty temporarily suspended on imports of ranitidine hydrochloride.

Another factor, pricing strategies, is affected by the market structure, which is unique to the U.S. pharmaceutical industry. In this market, the producer is separated from the ultimate consumer inasmuch as the purchase decision is made primarily by physicians and hospital formularies. As noted in a Federal Trade Commission study, "The ultimate consumer of drugs has only indirect control over the drug purchase decision." According to yet another study, however, "There is no reason to suppose that doctors will not be price sensitive agents on behalf of their patients' needs . . ."

- **One of the questions raised during the hearing held by the Subcommittee on Trade of the House Ways and Means Committee of the U.S. House of Representatives was the question of the actual value of the annual Customs revenue loss if this duty suspension is enacted. It is estimated that the average annual Customs revenue loss would be an estimated $11 to $13 million.**

In the hearing before the Subcommittee, witnesses agreed with USITC estimates of annual Customs revenue losses ranging from $11 to $13 million. The witnesses also agreed with the Congressional Budget Office estimates of a net revenue loss to the U.S. Treasury ranging from $7 to $9 million, which takes into account the availability of the business expense deduction for corporate taxpayers.

- **Glaxo and SmithKline Beecham's promotional efforts are unlikely to be directly linked to the outcome of any duty suspension granted.**

The two products with the largest share of the U.S. antiulcer drug market during the period of this investigation were Tagamet and Zantac. Correspondingly, these were the two products that were the subject of the largest promotional activity. As a percent of total "detailing," or calls made by a company's sales force on physicians to describe a product's efficacy and the benefits to the patient that would accrue through use of the product, Zantac's share has declined from 60 percent in 1985 to 33 percent in 1989; Tagamet's share has declined from 40 percent in 1985 to 17 percent in 1989.

One argument that was put forward during the Congressional hearing on this issue asserted that the likely outcome of a duty suspension on ranitidine hydrochloride would be that Glaxo would increase its promotional budget for Zantac by an amount equal to the duty paid. If Glaxo were to use the savings from a duty suspension on ranitidine hydrochloride for increased advertising, it could increase its promotional expenses by as much as 20 percent.

- **If the requested temporary duty suspension for ranitidine hydrochloride is granted, the price and U.S. consumption of the other antiulcer products discussed in this report would, at most, decline by 0.25 percent and 1.24 percent, respectively, and U.S. consumption of Zantac would increase at most by 2.16 to 2.60 percent.**

The potential impact of suspending the 3.7 percent duty on ranitidine hydrochloride is modeled by an imperfect substitutes model using 1989 data. It is assumed that Zantac and its competitors are imperfect substitutes and that two primary markets exist: 1) a market for Zantac and 2) a market for a composite good representing the other antiulcer medications.

The estimates presented in this report should be interpreted as upper bound estimates. Therefore, assuming a full-pass-through of the duty to the final consumer, it is estimated that Glaxo would lower the price of Zantac by 0.82 percent. It is estimated that the price of the non-Zantac good would decrease by 0.18 to 0.25 percent and that U.S. consumption of the non-Zantac good would fall by 0.91 to 1.24 percent. In the non-Zantac market the change in revenue, represented by both the price and quantity effects, is estimated to be $11.0 to $15.1 million. Whereas U.S. consumption of Zantac would increase by 2.16 to 2.60 percent, or by $24.5 to $29.4 million.

Based on 1989 data, the results of the model indicate that, at most, Zantac's market share (based on total sales) would increase by 1.1 to 1.4 percent. Similarly, the results indicate that, at most, Tagamet's market share (based on total sales) would decline by 0.27 to 0.37 percent, Carafate's by 0.09 to 0.13 percent, Pepcid's by 0.10 to 0.14 percent, and Axid's by 0.03 to 0.04 percent.

SB
SmithKline Beecham

WASHINGTON OFFICE

June 12, 1991

Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

This letter is in response to the May 14 request of Trade Subcommittee Chairman Gibbons for comments on certain tariff and trade bills.

SmithKline Beecham would like to register strong opposition to one of those bills, H.R. 1963, which seeks to suspend the duty on ranitidine hydrochloride.

We have a proprietary interest in this proposed legislation. Our Tagamet brand of cimetidine, the original product in this class of ulcer medicines, is domestically produced and competes directly with imported ranitidine, which is the active therapeutic ingredient in Glaxo's Zantac.

Introduction and Recommendation

H.R. 1963 was introduced on April 18, 1991. It is similar to legislation (H.R. 3130) introduced in the 101st Congress, which was not accepted by the conference committee on the 1990 Miscellaneous Trade Bill. The major difference is that H.R. 1963 seeks four years of duty suspension for ranitidine in contrast to the three years sought in the last Congress. Based on the estimates of the International Trade Commission in its January 1991 report, the Customs revenue loss to the U.S. Government would be $44 million to $52 million. The effect of H.R. 1963 would be to discriminate against SmithKline Beecham -- which is an exporter of Tagamet (cimetidine) from the United States to Japan and other countries -- in favor of the importer, Glaxo. In addition, as will be detailed below, we would sustain economic harm to our U.S. business if the duty was lifted on imported ranitidine. Therefore, we recommend that the Subcommittee on Trade not report H.R. 1963.

Background

Zantac brand of ranitidine, manufactured by Glaxo Inc., is one of four prescription drug products called "H2 antagonists" that are widely used to treat peptic ulcer disease. The market in the United States and worldwide is fiercely competitive. In 1990, Zantac held approximately 58% of the U.S. market in terms of dollars. Its three competitors and their approximate 1990 market shares were Tagamet (cimetidine), SmithKline Beecham, 25%; Pepcid (famotidine), Merck, 13%; and Axid (nizatidine), Eli Lilly, 4%.

Zantac is the world's largest selling prescription pharmaceutical product. Glaxo is one of the largest and most successful global pharmaceutical companies (as are Merck, Lilly and SmithKline Beecham). Glaxo has failed to demonstrate any need for relief from the payment of import duties, and, indeed, has told the ITC that one possible use of the money it would save is "increased stockholder dividends." Moreover, as part of a deliberate market strategy, Glaxo has set the Zantac price to the patient at approximately 20% more than Tagamet, and has priced it higher than Pepcid or Axid.

Virtually all of the ranitidine used in the United States is manufactured in Singapore and is subject to a 3.7% duty when it is brought to this country. The finished product, Zantac, is produced in North Carolina. Glaxo owns the patent on ranitidine, and thus there are no restrictions on where the chemical could be manufactured, including the United States. SmithKline Beecham owns the patent on Tagamet; all materials used in its U.S. formulations are manufactured in the United States. Pepcid is formulated in the United States from ingredients imported from Japan, pursuant to a licensing agreement. Axid is manufactured in the United States.

In the 101st Congress, suspension of the duty on ranitidine was included as a floor amendment in the Senate version of H.R. 1594, the miscellaneous trade bill, passed on April 24, 1990. It had failed to win House approval, and the conference committee report called for a hearing before the Trade Subcommittee of the House Ways and Means Committee, which was held on September 24, 1990, and a study of the issue by the International Trade Commission.

In a submission to the ITC on behalf of SmithKline Beecham, economist Paul A. London stated that Glaxo would most likely use the millions of dollars it would save via the suspended duty to increase its promotion of Zantac in the marketplace. This government subsidy to the dominant company in a highly competitive market would result in lost sales to SmithKline Beecham of between $84 million to $138 million over a three-year period, he estimated.

(The full London report has previously been given to the Subcommittee.)

In its January 1991 report, the ITC used lower figures, but estimated that if the duty on ranitidine were suspended, Zantac sales would increase by $24-29 million and the sales of Tagamet would decline by $5-8 million a year. Under either scenario, the U.S. government would be perversely interfering in the competitive marketplace by subsidizing the importing company whose high-priced medicine holds the dominant share. SmithKline Beecham, the company that has chosen to manufacture its product in the United States and export to Japan (where it must pay a 4% duty) and other countries, would lose the most.

Trade Policy

As the Paul A. London submission to the ITC makes clear, the effort to secure a duty suspension for ranitidine during the last Congress was a sharp departure from the usual U.S. trade policy:

"Indeed, the Commerce Department expert on duty suspensions said at House (Trade Subcommittee) hearings that she had seen no such procedures followed to secure a duty suspension in 10 years. 'In the past,' she said, 'the Department has taken the position that lowering the duty generally is sufficient to cause adverse impact. Given this rationale, then the objection of a competing domestic manufacturer was sufficient for the Administration to object to a duty suspension bill.'"

Further, Dr. London notes that in most trade cases "the petitioner makes the argument that it needs tariff relief... because without it, it is at risk and/or faces unfair treatment." Glaxo makes no such argument, and in fact avoids the discussion of any need or rationale for a duty suspension.

Glaxo has made it clear that it intends to continue manufacturing ranitidine outside the United States and will not build a U.S. chemical facility. Last month Glaxo announced a $100 million expansion of its Singapore plant and earlier this year announced that it had invested $22 million in a Mexico City plant to be used for exporting to the United States.

In its approach to the treatment of pharmaceuticals in trade policy, Glaxo has not been consistent. The traditional tests of duty suspensions are that the material is difficult or impossible to produce in the country levying the duty, or is prohibited from being produced there by licensing agreement. As the ITC report notes, Glaxo successfully opposed Merck's 1987 efforts to obtain an extension of a duty suspension for famotidine in the European Community. Famotidine was licensed from a Japanese company, and therefore met the test. Ranitidine does not. Also, famotidine does not dominate the ulcer medicine market, as ranitidine [Zantac] does.

Issue Belongs in the GATT

Ideally, Congress should now defer the ranitidine matter to the GATT Round. The GATT is back on track, and the status of tariffs on pharmaceutical products is one of the key subjects where agreement appears near. The contentious issues raised in the ranitidine dispute would more appropriately be resolved in Geneva than in Washington, D.C.

As Senator Bentsen pointed out last year during Senate floor debate, issues such as ranitidine belong in the GATT, where if the United States is to make a tariff concession it can ask for something in return. For example, our negotiators could ask for elimination of the 4% tariff on Tagamet in Japan, which is paid by SmithKline Beecham.

Summary and Conclusion

If the United States does not gain any trade concession by granting a $44-52 million duty suspension, it is reasonable to expect some other benefit, such as lower prices for consumers. It is unreasonable to conclude that the benefit should go solely to the importing company.

The ITC spoke to that point in its January 1991 report (Page 11) when it said: "The duty suspension savings, if Glaxo does not reduce its consumer prices, increases Glaxo's supply of earnings available for investment or noninvestment purposes." And, as noted above, Glaxo told the ITC in writing that it has no intention of cutting the Zantac price. Result? No benefit whatsoever to U.S. taxpayers.

The price tag of $44-52 million for suspending the duty on ranitidine is far too high given the budget deficit crisis that the Congress faces. As a precedent, it would open the door to tens of millions of dollars of other questionable duty suspensions. And if the 1990 budget agreement is to be honored, $44-52 million must be carved out of some worthy domestic program to make up for the concession to Glaxo.

The evidence against a duty suspension for ranitidine is overwhelming. We urge the Subcommittee on Trade not to report H.R. 1963.

Sincerely,

Thomas M. Landin

Thomas M. Landin
Vice President and Director
U.S. Government Relations

H.R. 1964

To suspend until January 1, 1995, the duty on certain thermosetting polyimide resins

No comments submitted.

H.R. 1965

To suspend until January 1, 1995, the duty on certain high-purity luminescent grade zinc sulfide

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STATEMENT OF USR OPTONIX INC., HACKETTSTOWN, N.J.

MEMORANDUM IN SUPPORT OF H.R. 1965, A BILL TO TEMPORARILY SUSPEND THE DUTY ON HIGH-PURITY LUMINESCENT GRADE ZINC SULFIDE

I. INTRODUCTION

This memorandum sets forth reasons in support of H.R. 1965, a bill to temporarily suspend the Column 1 "Most Favored Nation" rate of duty with respect to imports of certain high-purity luminescent grade zinc sulfide. The product is used by USR Optonix Inc. of Hackettstown, New Jersey, in the manufacture of phosphors for cathode ray tube applications, particularly in color and black and white television sets. This legislation was introduced by Rep. Dick Zimmer (R-NJ).

As more fully discussed herein, USR Optonix has not been able to secure from United States sources high-purity luminescent-grade zinc sulfide in sufficient quality (purity, brightness) or quantity to satisfy the company's production requirements. As a consequence, the company has been forced to look to foreign sources for virtually its entire supply of this essential manufacturing ingredient.

Column 1 duties on imported zinc sulfide are relatively low, just 2.8% ad valorem. However, the temporary suspension of these duties would permit USR Optonix to lower its production costs and enhance the competitiveness of its domestically manufactured phosphors. Total duties savings resulting from this duty suspension would be relatively minor, indeed, less than $20,000 per year; however, they would be of critical importance in enhancing the international competitiveness of the USR Optonix manufacturing plant and process.

II. DESCRIPTION OF THE MERCHANDISE

The merchandise covered by the bill is zinc sulfide (chemical formula ZnS), an inorganic salt of the base metal zinc which has a wide array of industrial and technical uses. The principal use of the product is in the manufacture of phosphors for cathode ray tube applications, particularly in television. USR Optonix uses imported high-purity luminescent grade zinc sulfide in the manufacture of P22 Blue and P22 Green Phosphors, extensively used in color television sets, as well as a P-4 Phosphor which is used in manufacturing black and white television sets. In addition, USR Optonix uses high-purity luminescent grade zinc sulfide in the manufacture of pigments used in luminescent paints, plastics and inks.

Blue and Green Phosphors are manufactured to the specifications of various United States television manufacturers, and are also exported to various European and Asian markets. P-4 phosphors are sold extensively to Asian firms, while luminescent paints plastics and inks are sold in both domestic and foreign markets.

USR Optonix uses imported high purity luminescent grade zinc sulfide to manufacture in the United States finished products having a value of $2.7 million, of which two thirds was sold domestically, and one third sold to export markets.

The bill does not propose a duty suspension for all zinc sulfide, but only for luminescent grade zinc sulfide having a purity equal to 99.999% ZnS (also known as "five nines" or ".99999"). The Chemical Abstract Service (CAS) number for Zinc Sulfide is 1314-98-3. Furthermore, the duty suspension would cover only luminescent grade high-purity Zinc Sulfides, which are suitable for use in the manufacture of high-quality phosphors.

The purity of zinc sulfide is of critical importance in determining its commercial suitability for use in the manufacture of high-grade phosphors. It is especially important that contaminants and impurities be kept to an absolute minimum. For this reason, USR Optonix sets forth stringent maximum tolerances for dozens of potential impurities which might appear in the high-purity luminescent-grade zinc sulfide which it purchases. These are set forth in Appendix A to this memorandum.

"Brightness" is a critical measure of efficiency in the conversion of electron energy to light. Thus, the brightness detected in high-purity zinc sulfide is a crucial determinant of the product's suitability for use in the manufacture of high-grade phosphors. Heavy metal contaminants, such as iron, nickel and cobalt, significantly detract from the high level of brightness required in the USR Optonix process.

USR Optonix manufactures phosphors and other chemical products in its Hackettstown, New Jersey plant. This plant represents a capital investment of $7.4 million, and employs a total of 69 people in the manufacture of phosphors and pigments.

III. TARIFF CLASSIFICATION

Zinc Sulfide is classifiable eo nomine under heading 2830.20.00 of the Harmonized Tariff Schedule (HTS), a provision for "Sulfides": Polysulfides and: Zinc Sulfides". The Column 1 rate of duty is 2.8% ad valorem.

IV. LEVEL OF IMPORTS; REVENUE IMPACT

During calendar 1990, total imports into the United States of all zinc sulfide from all sources totalled $3,256,073, and Customs duties in the total amount of $80,919 were collected thereon. In 1990, USR Optonix's imports of high-purity, luminescent grade zinc oxide totalled only $680,050 in dutiable value, and the company paid Customs duties thereon in the total amount of $19,041.40. USR Optonix is believed to be the only significant importer of high-purity, luminescent grade zinc sulfide in the United States. Thus, the total revenue impact from an enactment of the duty suspension on this smaller category of zinc sulfide should not exceed $20,000 per annum.

V. UNITED STATES PRODUCTION AND AVAILABILITY

There are many companies in the United States which manufacture and/or distribute zinc sulfide. However, none of these producers, when offered the opportunity to supply the product to USR Optonix Inc., has been able to supply the merchandise in the quality or quantity which the company requires to sustain its domestic production of phosphors and pigments.

USR Optonix wrote to the following manufacturers and distributors, requesting a quotation and sample with respect to high purity luminescent grade zinc sulfide. The responses were as follows:

Company Name	Location	Responses
Mackay, A.D. Inc.	Darien, CT	Unable to supply
Arun Isles Chemicals, Inc.	Rockport, MA	Unable to supply
Reed Advanced Materials	Rumson, NJ	Did not quote
Pure Inc.	Carmel, NY	Cannot supply quantities needed
Spectral Systems, Inc.	Irvington, NY	Unable to supply
Aldrich Chemical Co.	Milwaukee, WI	Cannot meet quality specifications
Cerac Inc.	Milwaukee, WI	Unable to supply
International Advanced Materials	Spring Valley, NY	Unable to supply

Electronic Space Products International	Agoura Hills, CA	Unable to supply
Admiral Chemical Co.		Unable to supply
Occidental Chemical Corp.		Unable to supply
Zinc Corporation of America		Unable to supply
Aceto Corp.	Flushing, NY	Unable to supply
Noah Chemicals		Unable to supply
Wilshire Chemicals	Los Angeles, CA	Unable to supply
Easar Group		Unable to supply
MolyCorp, Inc.		Unable to supply
General Electric Co.	Cleveland, OH	Unable to meet quality or quantity requirements
GTE Corporation	Towanda, PA	Unable to meet quality or quantity requirements

Faced with the inability of United States suppliers to meet its quality and/or quantity requirements, USR Optonix Inc. has been required to seek foreign sources of supply for this ingredient.

Thus, providing a temporary suspension of the duty on high-purity, luminescent grade sulfide will not cause injury to any United States manufacturers.

VI. BENEFITS OF THE LEGISLATION

Enactment of the bill would greatly enhance the competitiveness of USR Optonix's Hackettstown, New Jersey factory, and greatly aid the domestic manufacture of value-added high-tech products valued at nearly $3 million per year. In addition, enactment of the bill would help promote exports of domestically-manufactured products which are extensively used in the manufacture of television and electronic equipment. These exports now approach $1 million per year in value.[1]

Revenue impact of the legislation would be extremely low. Furthermore, enactment of the bill would not harm any other United States manufacturing interests, as an extensive survey indicates that no United States producer is capable of producing high purity luminescent grade zinc sulfide in the qualities and quantities which USR Optonix requires.

VI. CONCLUSION

Accordingly, for the reasons set forth herein, it is respectfully submitted the H.R. 1965, a bill to temporarily suspend the Column 1 duties on imports of high-purity luminescent-grade zinc sulfide, should receive favorable consideration. The duty suspension will lower the cost and enhance the competitiveness of a major United States manufacturer of phosphor chemicals. At the same time, the duty suspension will not cause injury or business disruption to any United States manufacturers of competitive products. Finally, the revenue impact of the bill is minimal.

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[1] USR Optonix does apply for drawback of duties on imported zinc sulfides used to manufacture phosphors and pigments for export. However, given the relatively small amount of duties involved, and the multiplicity of the company's export shipments, the company has found claiming the drawback to be inefficient from a financial and management standpoint.

Accordingly, it is respectfully submitted that H.R. 1965 should receive favorable consideration.

INTERNATIONAL BUSINESS-
GOVERNMENT COUNSELLORS, INC.
818 Connecticut Avenue, NW
12th Floor
Washington, D.C. 20006
(202) 872-8181

By: JAMES B. CLAWSON

Appendix A

Impurity tolerances for high-purity, luminescent grade zinc sulfide:

Element	Maximum PPM
Li	0.1
B	0.1
Na	5.0
Mg	0.1
Al	0.5
Si	10.0
P	0.1
Cl	10.1
K	0.1
Ca	1.0
Ni	0.01
Cu	0.05
As	0.1
Br	0.05
Sr	0.05
Y	1.0
Zn	0.01
Ag	1.0
Cd	0.1
Sn	2.0
Ti	0.1
V	0.1
Cr	0.1
Mn	0.1
Fe	0.1
Co	0.01
Sb	2.0
I	0.1
Ba	0.5
Pb	0.1
Bi	0.2

H.R. 1966

Relating to the tariff treatment of certain water resistant wool trousers

---

CHESTER G. ATKINS
5TH DISTRICT, MASSACHUSETTS

COMMITTEES:
APPROPRIATIONS
STANDARDS OF OFFICIAL CONDUCT

AT LARGE DEMOCRATIC WHIP

LINDA J. HARTKE
ADMINISTRATIVE ASSISTANT

Congress of the United States
House of Representatives
Washington, DC 20515

REPLY TO:
☐ WASHINGTON OFFICE:
504 CANNON BUILDING
WASHINGTON, DC 20515-[illegible]
(202) 225-3411
☐ DISTRICT OFFICE:
134 MIDDLE STREET, SUITE 320
LOWELL, MA 01852-1886
(508) 459-0101
Toll free (800) 831-3126

COMMENTS BY REP. CHESTER G. ATKINS
IN SUPPORT OF H.R. 1966

In September, 1990, my office was contacted by George Donovan of Andover, Massachusetts in my district. Mr. Donovan runs a small business which imports ski products from Austria. For many years, he has specifically imported stretch wool gabardine ski pants made from Italian and Swiss fabric and produced in Austria, which is the subject of H.R. 1966.

Before January, 1989, when Congress replaced the Tariff Schedule of the United States (TSUS) with the Harmonized Tariff Schedule (HTS), these garments were classified as rainwear (or skiwear) because of their water-resistant quality. This category made no distinction between synthetic fiber or wool, and had a duty of 7.6%. Although the new HTS provided for synthetic water-resistant fiber under the 7.6% duty, it did not provide the same for wool fiber water-resistant garments. Therefore, the duty for this product jumped substantially to a duty of 21%, which is the duty for other wool products.

After discussions with Mr. Donovan as well as representatives of the domestic textile industry and the Commerce Department, I am convinced that the rise in duty from 7.6% to 21% for these water-resistant wool garments was not intended. This is why I introduced H.R. 1966, which would return the tariff for the product Mr. Donovan imports to the original level of 7.6%.

As the Member of Congress who represents the historic textile mill towns of Lowell and Lawrence, I understand the importance of the American textile industry vis-a-vis our international competitors. In this respect, my discussions with representatives of the textile industry have confirmed that there is no company in the United States which produces stretch wool gabardine ski pants such as those imported from Austria by Mr. Donovan. Furthermore, because these garments provide water resistance and protection against winter elements and because of their composition and design, they can in no way be considered competitive with dress or casual wool trousers, which are protected by a higher duty rate.

The market for high wool-content ski pants is small in the United States. Nonetheless, it represents the livelihood for one small business in Massachusetts. This livelihood and small business is now threatened by an unintended duty in the HTS which provides a negligible amount in federal revenues. Mr. Chairman, I urge the Subcommittee to adopt H.R. 1966.

H.R. 1971

To restore the tariff rate applicable to certain glass ceramic cookware prior to the effective date of the Harmonized Tariff Schedule of the United States

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See also Anchor Hocking Glass Co and Newell Co. under H.R. 1931

May 23, 1991

American Flint Glass Workers Union
AFL-CIO

NATIONAL HEADQUARTERS
1440 SOUTH BYRNE ROAD
TOLEDO, OHIO 43614
419/385-6687
FAX: 419/385-8839

LAWRENCE BANKOWSKI
President
RICHARD G. MORGAN
First Vice-President
JOE COCCHO
Second Vice-President
ROBERT P. ROSSER
Third Vice-President
IVAN T. UNCAPHER
Secretary Treasurer
L. DALE LAMB
Assistant Secretary

George M. Parker
President Emeritus

Mr. Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

I am writing on behalf of the members of the American Flint Glass Workers Union to express our serious concern about a proposed bill (H.R. 1971) to permanently reduce and temporarily suspend the duty on certain glass ceramic cookware. We hope after considering our views, you and members of the Committee on Ways and Means will oppose the bill.

We believe that enactment of H.R. 1971 will seriously injure our industry. It will permanently reduce and temporarily suspend the 26 percent duty that is currently applied to imports of certain glass ceramic kitchenware. This will obviously give foreign manufacturers particularly Durand in France, a substantial cost advantage that they currently do not have, thus enabling them to make greater inroads into the U.S. market at the expense of American workers.

The glass ceramic kitchenware industry is extremely import sensitive. The 26 percent duty has remained in place because of this import sensitivity. In fact, much of the glass industry has been exempted from tariff cuts in past multilateral trade negotiations and from duty-free treatment under the Generalized System of Preferences (GSP) because of this import sensitivity.

The adverse impact of H.R. 1971 on employment in our industry cannot be underestimated. Employment in the pressed or blown glassware industry has fallen consistently over the last decade from 59,000 jobs in 1978 to 42,000 jobs in 1990. This declining trend has continued into 1991 with the industry losing more jobs compared to last year's levels. Enactment of H.R. 1971 will aggravate this decline. The firms we work with estimate that it could result in the loss of hundreds of jobs in West Virginia, Pennsylvania, Ohio and New York. These jobs are good paying manufacturing jobs which would just be exported to France and other countries.

Moreover, the competing U.S. products are priced competitively with imports. Otherwise, proponents of this legislation would simply not be interested in the duty suspension.

May 23, 1991
Page Two

Most of the glass plants which will be affected are located in the small towns of America where they are the economic mainstay of the community. We have attached a list of the companies and towns where these plants are located. Please, don't sacrifice any more American jobs. Our people have already been hurt enough.

The impact of H.R. 1971 on our industry is clear. If it is enacted, it will export good paying manufacturing jobs to foreign countries. We can see no way in which the bill serves the national interests and respectfully request that you oppose it.

Thank you for taking our views into consideration.

Sincerely,

Lawrence Bankowski

Lawrence Bankowski
National President

LB/ls
Attachment

Anchor Hocking Glass Company
Lancaster, Ohio

Corning Incorporated
Charleroi, Pennsylvania

Corning Incorporated
Corning, New York

Corning Incorporated
Greencastle, Pennsylvania

Corning Incorporated
Greenville, Ohio

Corning Incorporated
Martinsburg, West Virginia

Holophane Company, Inc.
Newark, Ohio

STATEMENT SUBMITTED BY CORNING INCORPORATED ON H.R. 1971 TO THE SUBCOMMITTEE ON TRADE HOUSE WAYS AND MEANS COMMITTEE

JUNE 12, 1991

Corning Incorporated is opposed to passage of H.R. 1971. This bill proposes to create a special tariff classification for a cookware product made by Durand in France, permanently reduce the duty on this product from 26 percent to 8 percent, and temporarily suspend the 8 percent duty through December 31, 1994.

Passage of H.R. 1971 will greatly enhance the price competitiveness of Durand's cookware product line, Arcoflam, that competes directly with Corning Ware®. The effect of this will be to enhance the price competitiveness of a product made in France to the detriment of a product made in Martinsburg, West Virginia.

The purported purpose of H.R. 1971 is to "restore the tariff rate applicable to certain glass ceramic cookware prior to the effective date of the Harmonized Tariff Schedule ("HTS") of the United States." However, a close examination of the cross-reference guide published by the International Trade Commission does not substantiate this claim. There is no indication in the cross-reference guide that a product currently entering under HTS 7013.10 at a 26 percent Column 1 rate previously entered at an 8 percent rate under the Tariff Schedules of the United States ("TSUS").

Specifically, Page 227 of the guide confirms that fact that items under HTS 7013.10 that are dutiable at a 26 percent rate corresponds with TSUS 533.79.00 which was also dutiable at a 26 percent rate.[1] Hence the underlying rationale of the bill is faulty and there is no basis for permanently reducing the duty to 8 percent.

Enactment of H.R. 1971 would be particularly damaging to U.S. producers of glass cookware and ovenware because of the steady and dramatic decline in U.S. producers' shipments of glass cookware, ovenware and kitchenware since 1983. The increased imports which would result from enactment of H.R. 1971 would accelerate and worsen this already disturbing trend.

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[1] Continuity of Import and Export Trade Statistics After Implementation of the Harmonized Commodity Description and Coding System, U.S. ITC Publication 2051, January, 1988, pp. 227.

U.S. PRODUCERS' SHIPMENTS OF GLASS COOKWARE, OVENWARE AND KITCHENWARE

(IN MILLIONS OF PIECES)

	1983	1984	1985	1986	1987	1988	1989
Shipments	143.8	103.6	100.5	101.5	99.0	82.3	95.6

Source: "Current Industrial Report: Consumer, Scientific, Technical and Industrial Glassware," U.S. Bureau of Census, 1984-87 reports.

Glass cookware and ovenware is an integral part of the overall glassware industry. The same basic manufacturing processes and workers are used to produce all types of glassware. The glassware industry has been repeatedly identified by the Administration and the Congress as being import sensitive. As a result any reductions in duty such as those contemplated in H.R. 1971 will come at the cost of U.S. plants and jobs. The statistics below demonstrate the import sensitivity of this industry. H.R. 1971 should be rejected because it will exacerbate the import trend in an industry where:

- Domestic U.S. consumption is stagnant (or in decline in the case of ovenware and cookware) with the market share of imports having increased in current dollar terms from 22.6% to 44% in 1988.

- Imports as a percentage of total U.S. consumption in glassware is actually higher than in other industries such as steel and textiles that are generally regarded as import sensitive.

- The United States is the largest glassware importer in the world, both in absolute terms and on a per capita basis indicating that tariff reductions are not needed to encourage imports.

GLASSWARE CLASSIFIABLE UNDER TSUS 546 ITEMS AND HTS 7013 ITEMS: APPARENT CONSUMPTION, IMPORTS, AND IMPORTS AS A PERCENTAGE OF APPARENT CONSUMPTION

(IN MILLIONS OF U.S. DOLLARS)

Year	Net Domestic Producers Shipments	Exports	Imports	Total U.S. Consumption	Imports % of Total U.S. Consumption
1976	$675	$64	$94	$705	13.3%
1977	$729	$69	$113	$773	14.6%
1978	$779	$90	$168	$857	19.6%
1979	$806	$89	$210	$927	22.6%
1980	$864	$103	$240	$1,001	24.0%
1981	$970	$114	$252	$1,108	22.7%
1982	$1,009	$ 83	$282	$1,209	23.4%
1983	$912	$ 63	$339	$1,188	28.5%
1984	$946	$ 65	$463	$1,343	34.5%
1985	$800	$ 49	$472	$1,223	38.6%
1986	$813	$ 46	$537	$1,304	41.2%
1987	$811	$ 59	$550	$1,301	42.3%
1988	$811	$ 69	$581	$1,323	44.0%

Source: Department of Commerce

Prior duty suspension bills similar to H.R. 1931 have been rejected by both the Congress and the Administration. Glass ovenware and cookware have been excluded from tariff reductions in previous multilateral trade negotiations. And, 125 product-addition GSP petitions affecting glassware were rejected by the U.S. government in the last annual review because of the industry's import sensitivity.

Finally, Corning does not believe it makes any sense to adopt a permanent duty reduction for the French while the Uruguay Round is ongoing. Clearly, if France wants a permanent tariff concession, it should seek it in the Uruguay Round. Passage of H.R. 1971 would be tantamount to a unilateral tariff concession by the United States.

Timothy J. Regan
Director of Public Policy
Corning Incorporated

Statement of Durand International
to the Subcommittee on Trade
in Favor of Enactment of H.R. 1971

My name is Matthew T. McGrath. I am a member of the firm of Barnes, Richardson & Colburn, 1819 H Street, N.W., Washington, D.C. I represent Durand International on whose behalf I am submitting the following statement in support of enactment of H.R. 1971, a bill to restore the tariff rate applicable to certain glass ceramic cookware prior to the effective date of the Harmonized Tariff Schedule of the United States.

The conversion of the Tariff Schedules of the United States to the nomenclature of the Harmonized Tariff Schedules of the United States resulted in a drastic and unintended increase of the bound duty rate applicable to certain ceramic tableware articles, which unfairly threatens to eliminate the product from the U.S. market. The classification should be corrected through the legislative enactment of a new tariff breakout under the HTSUS provision for glass ceramics, specifically describing the products traded between the United States and foreign suppliers prior to 1989, and establishing the rate of duty which applied to these products prior to the conversion from the TSUS to the HTSUS.

Durand - U.S., which employs approximately 750 people and is located in Millville, New Jersey, is a manufacturer and seller of consumer lead crystal and glass tabletop and cookware products. It is related to J.G. Durand & Cie. of Arques, France, which is the world's largest manufacturer of these products. Among the articles imported by Durand International to supplement its U.S. production in Millville is its unique Arcoflam line of cookware. The physical characteristics of the product are such that it is technically considered a "glass ceramic" article, rather than simply ceramicware or glassware.

Under the TSUS, this line of cookware was classified under Item 533.64 (pursuant to a binding ruling) as "household ware, of non-bone chinaware or of subporcelain, in sets" the aggregate value of which is greater than $56. The applicable duty rate in 1988 was 8% ad valorem. The equivalent article in the conversion of the TSUS to the HTSUS was Item 6911.10.39, also dutiable at a rate of 8% ad valorem.

However, the HTSUS included nomenclature which was not conceptually present in the TSUS: "glass-ceramic" household glassware, dutiable at a rate of 26% ad valorem. The Arcoflam product line was classified by Customs upon conversion to the HTSUS under this new provision, with a duty rate increase in excess of 300%.

The consequences of the change in classification were partially recognized by the United States through the inclusion of a new breakout in the HTSUS provision for glass-ceramics. This breakout -- Item 7013.10.10 -- described specifically one line of transparent glass-ceramic cookware, which was also traded at the time of the conversion from the HTSUS to the TSUS. However, the opaque line of cookware traded by Durand was inadvertently deleted from this breakout.

One opponent of this bill has stated that the reduced rate and "temporarily suspended duty" to be granted by this legislation will allow Durand to make increased inroads into the U.S. market. To the contrary, this legislation will neither reduce nor suspend tariffs; it will return the duty paid on these imports to the rate in existence at the time of conversion to the HTSUS. Durand has been placed in an adverse position purely through an unintentional oversight in the conversion process.

There was no justification for implementing such a large tariff increase at the time of the conversion, and there is no rationale for continuing to enforce this departure from bound tariff rates. There was no compensation negotiated between the United States and its trading partners in recognition of this increase. A correction which would restore the previous tariff treatment of the opaque glass ceramic line could not have any adverse impact on U.S. production of competitive articles, since such a change would simply return the classification to the status quo existing in 1988.

Furthermore, since Durand priced and sold its products prior to the conversion, on the basis of the binding ruling it received and the previous tariff treatment, implementation of this classification correction as of the date of the HTSUS conversion is justified. The result of this unintended and uncompensated tariff increase has been financial losses to Durand and its customers, without cause, which should be accounted for through reliquidation of entries during the relevant period.

H.R. 1973

To suspend until January 1, 1995, the duty on certain plastic sheeting used as radiation shielding material

No comments submitted.

H.R. 1975

To suspend until January 1, 1995, the duty on certain ceramic ferrules and sleeves

No comments submitted.

H.R. 1976

To extend until January 1, 1996, the existing suspension of duty on certain in-line roller skate boots

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WRITTEN COMMENTS

OF

ROLLERBLADE, INC.

IN SUPPORT OF

H. R. 1976

These comments are submitted on behalf of Rollerblade, Inc., a Minnesota corporation which manufactures in-line roller skates in the United States for sale both domestically and abroad. Rollerblade strongly supports the enactment of H.R. 1976, a bill introduced on April 22, 1991, by Congressman Jim Ramstad of Minnesota, to extend the existing suspension of duty on certain in-line roller skate boots. H.R. 1976 would, if enacted, extend until December 31, 1995, the existing suspension of duty provided under heading 9902.64.02, Harmonized Tariff Schedule of the United States (HTSUS), for those boots used in the manufacture of in-line roller skates.

The current heading 9902.64.02, HTSUS, was originally enacted as part of the Customs and Trade Act of 1990 on August 20, 1990, to provide relief from an unintended anomaly in the U.S. tariff laws. Under the HTSUS, "roller skates and parts and accessories thereof," classified in heading 9506.70.20, HTSUS, are eligible for unconditional duty-free treatment. This provision includes roller skating boots with skates attached, but does not cover roller skating boots without skates attached. Polyurethane roller skating boots (without skates attached) of the type imported by Rollerblade were previously dutiable under the provision for "other sports footwear" in heading 6402.19.10, HTSUS, at the rate of 6 percent ad valorem. The result of this "tariff rate inversion" was that Rollerblade, by choosing to import roller skating boots and to manufacture the finished roller skates in the United States, was at a competitive disadvantage against companies who imported finished roller skates manufactured entirely on foreign soil, most commonly in Taiwan.

In construing tariff statutes, the courts have consistently held to be anomalous those interpretations which admit finished products at lower rates of duty than those imposed on the components or materials from which they were made. See, e.g., United States v. American Shipping Co., 13 Ct. Cust. Appls. 346, T.D. 41254 (1925); Oxford University Press, N.Y., Inc. v. United States, 20 Cust. Ct. 78, C.D. 1088 (1948); Kuyper & Co. v. United States, 7 Ct. Cust Appls. 212, T.D. 36509 (1916); John V. Carr & Son, Inc. v. United States, 25 Cust. Ct. 77, C.D. 1267 (1950). Thus the U.S. Court of Customs and Patent Appeals has reasoned that:

> It would be anomalous to admit the finished product at a lower rate of duty than applies to the material from which it is produced. Such anomalies are generally looked upon as being contrary to legislative intent, and this and other courts have frequently declared that when the language used to express the legislative will clearly warrants a construction in accord with the general policy of Congress to not subject completed articles to lesser duty than the material of which they are composed, such construction is required.

United States v. J.M. Lehman, Co., Inc., 22 CCPA 106, T.D. 47081 (1934).

Rollerblade has created more than 300 jobs at its manufacturing facility in Minneapolis, and has thereby made significant contributions to the well-being of the local economy. Despite increasing competition from manufacturers of finished, foreign-made roller skates, Rollerblade remains hopeful of significant growth in the future, and of providing increased employment opportunities in Minnesota. Rollerblade sources many of the components used in the manufacture of its in-line roller skates domestically, and in fact prefers to do so whenever possible. However, molded polyurethane (PU) roller skating boots for in-line roller skates are not available domestically, and Rollerblade must therefore import these special boots from Italy and Austria. Molded polyethylene (PE) boots, which are less rigid, simply do not measure up to the stringent quality standards imposed at Rollerblade. To the best of its knowledge, Rollerblade believes that it is the only company importing molded polyurethane boots for use in the domestic manufacture of in-line roller skates.

Congress recognized the competitive disadvantage faced by Rollerblade when it enacted the Customs and Trade Act of 1990, and thereby suspended the 6 percent duty on imported boots for in-line roller skates. Without an extension of the existing suspension, Rollerblade would once again be penalized for its decision to manufacture its product in the United States with U.S. workers. The existing suspension of the duty on imported boots has allowed Rollerblade to price competitively in both the United States and foreign markets (including Canada, Japan, Korea, Sweden, Italy, Germany, Switzerland, the Netherlands, the United Kingdom, Australia, and New Zealand). Rollerblade expects to increase sales of finished skates to these foreign markets from 5 percent of total sales in 1990 to 10 percent of total sales in 1991.

In conclusion, an extension of the exiting suspension of duty on in-line roller skate boots used in the manufacture of in-line roller skates would help to ameliorate the unfair and unintended tariff anomaly which allows the finished product to enter the United States unconditionally duty free while the component part is subjected to a 6 percent duty. Without such an extension, Rollerblade would once again be placed at a competitive disadvantage against companies who import finished roller skates manufactured entirely on foreign soil. Clearly, Rollerblade should not be penalized for its decision to manufacture its product domestically with U.S. workers. Accordingly, Rollerblade respectfully urges this Committee to favorably recommend enactment of H.R. 1976.

H.R. 1977

To suspend until January 1, 1996, the duty on pentachlorothiophenol

WRITTEN STATEMENT
ON BEHALF OF
MOBAY CORPORATION
BY
CARL L. CLAY
MARKETING MANAGER - RUBBER CHEMICALS
AND
PAUL G. GEMEINHARDT - (CONSULTANT)

MOBAY CORPORATION
MOBAY ROAD
PITTSBURGH, PA 15205-9741

STATEMENT

Mobay Corporation, a member of the Bayer USA, Inc. group whose parent company is Bayer AG of Leverkusen, West Germany, is headquartered in Pittsburgh, PA. Since its formation in the early 1950s, Mobay has become a diversified manufacturer of chemical intermediates and polymeric resins. We supply products to broad areas of U.S. industry having need for polyurethane raw materials and polymers, agricultural chemicals, dyestuffs, pigments, plastic resins, coating ingredients, textile fibers and industrial chemicals.

While most of the products supplied to U.S. industry are produced domestically, we do import some chemicals for use in our own manufacturing operations or for direct distribution in this country when the size or demand in the American market cannot justify producing the chemical domestically. One such chemcal product is pentachlorobenzenethiol, also known as pentachlorothiolphenol (PCTP).

PCTP is imported from Bayer AG to form the base for a compounded product distributed in the American market. The production of the compound containing PCTP as the key ingredient is accomplished at Mobay's Bushy Park plant in Charleston, SC. PCTP is not made in the United States, nor is there a readily available domestic substitute.

PCTP, as supplied by Mobay, is used primarily by rubber processing companies where it serves as a critical ingredient in the processing of natural rubber into finished goods. Its role in the process is as a peptizing or dispersing agent by assisting in the physical breakdown of the natural rubber into small particles. Such physical breakdown of the rubber is an essential condition when the rubber is converted into products such as automobile tires.

Suspending the duty on PCTP will benefit the consumer by stabilizing the costs involved in making the end-use products. It will certainly benefit domestic manufacturers of vehicular tires, enabling them to compete more favorably in this highly competitive domestic and international market and also the domestic manufacturers of cars, trucks and other vehicles in need of rubber products.

The Committee is urged to pass the requested temporary suspension of duty.

Thank you for considering our views. In case more information is needed, please call C. Clay (412/777-4783) or P. Gemeinhardt (407/220-9147).

H.R. 1978

To extend until January 1, 1996, the existing suspension of duty on Paramine Acid

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P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 24, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

I write on behalf of Mobay Corporation to express support for House bills H.R. 1978, H.R. 1980 and H.R. 1982. These bills request extensions of the duty suspensions that were temporarily granted by the previous Congress.

The products covered in these bills are imported by Mobay from its parent Bayer AG of Germany. They are used as raw materials in the further manufacturing of products that serve the domestic textile, apparels and paper industries.

The initial requests for these duty suspensions were not controversial because the chemicals covered are not produced in the United States, nor do they compete with products made domestically. These conditions are believed to still exist.

In summary, the requested extensions when granted will not harm American industry. In fact, the continued suspensions will help the American users of the products made from these chemical products to compete in their domestic end-use markets and abroad.

We respectfully ask the Committee to give favorable treatment to the proposed extensions of duty suspension contained in H.R. bills 1978, 1980 and 1982.

Thank you.

Sincerely,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

PGG/bjh

H.R. 1979

To suspend until January 1, 1996, the duty on dimethyl succinyl succinate

OMV
Chemie

Chemie Linz

June 10, 1991

The Honorable Sam M. Gibbons
Chairman of the Subcommittee on Trade
Committee on Ways & Means
U.S. House of Representatives
10002 Longworth House Office Building
Washington, DC 20515

Dear Mr. Gibbons:

Chemie Linz U.S. Inc. imports Dimethyl succinyl succinate (DMSS) from our parent company, Chemie Linz Ges.m.b.H., Austria to resell the product to the manufacturers of quinacridone pigments.

It is our understanding that over 90% of the DMSS consumed in the United States is supplied by Chemie Linz U.S. Inc.

Although one U.S.A. company claims to make DMSS here in the U.S.A., they sell very limited quantities to one selected customer only. This has not changed since May 1989 when they objected to the proposed duty suspension bill for DMSS.

Therefore, we kindly urge the Committee to pass the proposed bill HR 1979 to suspend the duty on DMSS.

Sincerely,

Helmut Lehner
President

/bf

Chemie Linz US Inc.
65 Challenger Road
Ridgefield Park, NJ 07660

Telephone: (201) 641-6410
FAX: (201) 641-2323
Telex: 853211 Chemie Linz US

WRITTEN STATEMENT
ON BEHALF OF
MOBAY CORPORATION
BY

PAUL G. GEMEINHARDT
CONSULTANT FOR
MOBAY CORPORATION
MOBAY ROAD
PITTSBURGH, PA 15205-9741

STATEMENT

Mobay Corporation, a member of the Bayer USA, Inc. group whose parent company is Bayer AG of Leverkusen, West Germany, is headquartered in Pittsburgh, PA. Since its formation in the early 1950s, Mobay has become a diversified manufacturer of chemical intermediates and polymeric resins. We supply products to broad areas of U.S. industry having need for polyurethane raw materials and polymers, agricultural chemicals, dyestuffs, pigments, plastic resins, coating ingredients, textile fibers and industrial chemicals.

While most of the products supplied to U.S. industry are produced domestically, we do purchase some imported chemicals that are needed in certain plant manufacturing operations and that are not made in the United States, or for which there is no substitute. Dimethyl succinyl succinate (DMSS) is such a chemical.

Mobay purchases DMSS from the American subsidiary (importing company) of Chemie Linz, a company in Linz, Austria. The chemical serves as a key raw material for the production of a family of pigments, known as quinacridones, at our Bush Park plant in Charleston, SC.

Efforts to get duty suspended on DMSS was not successful in the previous Congress because of objection raised by Hytex Marketing, Inc. Hytex objected on the grounds that they were producing the chemical domestically.

Upon learning of this opposition, Mobay contacted Hytex with the objective of securing a domestic source. However, after months of good faith efforts over the course of about a year, Hytex would not furnish the data needed to make a purchasing decision. Mobay therefore could only conclude that Hytex was unable to supply its requirements for DMSS forcing a continuation of importing the product through the American subsidiary of Chemie Linz.

In use, the quinacridone pigments are combined with another family of pigments known as perylenes. Together, the quinacridones and perylenes yield red pigments that are extremely lightfast, thereby giving paints, containing the red pigments, the ability to withstand direct exposure to sunlight. Paints formulated with the combination of quinacindone and perylene pigments have become extremely important and thus in great demand to the domestic automotive or vehicular industry and its paint suppliers. Because of the lightfastness demands in finishing the exteriors of cars, trucks and other vehicles, coupled with a good overall mix of other physical and chemical properties, these red pigments have no equals.

Suspending the duty on DMSS will benefit the American manufacturers of automobiles and other vehicles, and the consumers purchasing these products. In addition, the industry will be in a better position to hold or increase domestic market-share and compete in the world-wide market.

The Committee is urged to pass the proposed temporary suspension of duty.

Thank you for considering these views. In case you or a committee member would like to further discuss this, please call P. Gemeinhardt (407/220-9147).

June 11, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102, Longworth House Office Building
Washington, DC 20515

Dear Mr. Leonard:

Sun Chemical Corporation is a manufacturer of organic pigment with plants in Newark, New Jersey, Cincinnati, Ohio; Staten Island, New York; and Muskegon, Michigan. Sun Chemical's corporate offices are located in Ft. Lee, New Jersey and employ approximately 150 people. Sun Chemical is the largest organic pigment manufacturer in the United States.

The pigment industry is an international business and we compete with many other multi-national firms. A significant portion of the pigment consuming markets are supplied by imported pigments and this percentage has been growing each year since 1982. The major cost of manufacturing organic pigments is the organic intermediates used. Many of these organic intermediates are not produced in the United States and these intermediates carry very high rates of duty which must be incorporated in the cost of our finished pigments, making us less competitive against imported pigments and/or reducing the profit margins that we make.

We oppose the passage of bill H.R. 1979 on duty suspension. There is Domestic production of Dimethyl Succinyl Succinate in Newark, New Jersey, and this bill should not be approved. Granting duty free status to this pigment would give an unfair competitive advantage to imported material when competing for applications. In summary, we urge you to reject this bill.

Sincerely,

Stephen J. Schmidt
Manager of Purchases

SJS/aef:Dutysusp

cc: Congressman Bill Gradison
Susan Kernus (SOCMA)
Paul Klein
Larry Robinson (DCMA)

H.R. 1980

To extend until January 1, 1996, the existing suspension of duty on Anthraquinone

See Mobay Corp. under H.R. 1978

H.R. 1981

To extend until January 1, 1996, the existing suspensions of duty on certain chemicals

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P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 30, 1991

The Honorable Sam Gibbons
Chairman, Trade Subcommittee
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

This is written in response to your request for comments as given in the Committee's Release of May 14, 1991.

H.R. 1981 makes a request to extend the duty suspensions on chemicals that Mobay imports from its parent company in Germany for use in their plant located in South Carolina. These chemicals are used principally in the manufacturing of dyes and pigments which find use in many domestic end-use markets.

The initial requests for duty suspensions were not controversial and Mobay believes that conditions will exist again since there are no domestic producers.

Mobay supports the extension of these duty suspensions and respectfully asks for favorable treatment by your Committee.

Thank you.

Sincerely,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

H.R. 1982

To extend until January 1, 1996, the existing suspension of duty on Trimethyl Base

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See Mobay Corp. under H.R. 1978

H.R. 1983

To suspend until January 1, 1996, the duty on Resolin Red F3BS components I and II

STATEMENT ON BEHALF OF MOBAY CORPORATION BY PAUL G. GEMEINHARDT, CONSULTANT FOR MOBAY CORPORATION, MOBAY ROAD, PITTSBURGH, PA

STATEMENT

Mobay Corporation is a diversified manufacturer of chemical intermediates, dyestuffs and polymeric resins. From headquarters in Pittsburgh, PA, Mobay oversees manufacturing operations in major plants located in Maryland, Missouri, South Carolina, Texas and West Virginia. Most of the products supplied to broad areas of U.S. industry are made in this country from domestic raw materials. As a member of the Bayer USA, Inc. group whose parent is Bayer AG of Leverkusen, West Germany, we can and do import chemicals from Bayer AG that are not available here for use in some of our plant operations.

Two such chemicals are those covered in H.R. 1983 and commonly called Resolin Red F3BS Components I and II. Both components are brought into the Bushy Park Plant at Charleston, SC where they are chemically combined and dispersed to form a red dyestuff. The dyestuff is then marketed under a commonly used color indexing system and identified as Disperse Red 334. Disperse Red 334 is used primarily for coloring polyester fibers. There is no replacement for this dye although Disperse Red 60 is similar in shade. Though similar in color, however, Disperse Red 60 differs significantly in other properties making it unlikely to compete with the Resolin dye.

Disperse Red 334 is widely used in the textile industry for all types of dyeing operations.

Efforts to suspend duties on these two chemicals in the last Congress failed because of opposition raised by Atlantic Industries (since taken over by Crompton & Knowles).

In a letter (dated 6/29/89) expressing the objection, Atlantic named several dyestuffs that allegedly competed with the dyes made from the Resolin Red F3BS Components. Of the products listed by Atlantic Industries, one is Disperse Red 60. This product was not manufactured by Atlantic but was a resale item. We also market Disperse Red 60 as a resale item. It is our experience that anthraquinone dyes, such as Disperse Red 60, are in recent years occupying a special niche related to the lightfastness properties of this product on nylon (carpet industry) and its level dyeing properties on 100% polyester knitted fabrics. In our own business the two products do not compete any longer.

On the remaining products listed, we did not recognize Polycron Red RELK and it was not listed in Atlantic Industries' published price list. The remaining products named Polyron Dianix were products produced by Mitsubishi in Japan and imported by Atlantic as finished materials for resale. Atlantic did not add any value to these products but simply resold them.

All products listed in the Bochner letter were products sold by competitors of Atlantic Industries and Mobay Corporation. The fact that none of these competitors had to our knowledge, objected to a temporary duty suspension for RESOLIN Red F3BS Component 1 and Component 2 indicated their apparent lack of concern in this letter.

Elimination of duty on the two Resolin Red F3BS components will reduce the cost of the finished dyestuff and ultimately benefit the domestic polyester fiber producers and textile manufacturers. Such reduction in costs will help to improve the competitive position of domestic manufacturers against foreign imports of textiles and apparel.

H.R. 1984

To provide permanent duty-free treatment for certain menthol feedstocks

H&R
Haarmann&Reimer Corp.

A Bayer USA INC COMPANY

DR. GÖTZ J. BLUME
Vice President
Aroma Chemicals Division

70 Diamond Road
P.O. Box 175
Springfield, NJ 07081-0175
Telephone: (201) 467-5600
Fax: (201) 912-0499
Cable: IONONE, Springfield, NJ
Telex: 408-353 HAR UT

June 10, 1991

Robert J. Leonard, Chief Counsel
Committee on Ways & Means
U.S. House of Representatives
Room 1102 Longworth House Office Bldg.
Washington, D.C. 20515

Re: H.R. 1984: To provide permanent duty-free treatment for certain menthol feedstocks.

Dear Mr. Leonard:

This is in response to the Committee's request for written testimony for the record from all interested parties on the miscellaneous tariff and trade bills. I am writing to express our firm's strong support for H.R. 1984: a bill to provide permanent duty-free treatment for certain menthol feedstocks.

Haarmann & Reimer Corp. (H&R), a U.S. company headquartered in Springfield, N.J. is the sole manufacturer of synthetic menthol in the United States. H&R is seeking this permanent suspension of the duty on menthol feedstocks (HTS 2906.14) to remain competitive with foreign producers.

This legislation was introduced in the House (HR-1984 to the Committee on Ways & Means) on April 22, 1991 by Congressman Ravenel (SC). Similar legislation (S-850 to the Committee on Finance) has been introduced in the Senate by Senator Thurmond (SC). Both HR-1984 and S-850 would provide permanent duty-free treatment for menthol feedstocks. The duty on feedstocks imposes an unnecessary economic burden on our firm by increasing our production costs.

A temporary suspension on menthol feedstocks has been in effect since 1984. Originally approved as part of the "Miscellaneous Tariff Act of 1984", this temporary status was extended in the Omnibus Trade Act of 1988 and the Customs & Trade Act of 1990. The current suspension expires on 12/31/92.

H&R
Haarmann&Reimer Corp.

Menthol feedstocks are used to produce synthetic menthol. Menthol is a substance critical to the production of mentholated products, such as toothpaste, confectionery, oral hygiene, ointments and salves. Since 1978 when H&R began menthol production in the U.S., there has been no domestic source for these raw materials, therefore, the current duty affords no protection to any chemical manufacturer in the United States. Moreover, because these raw materials (feedstocks) have no other commercial use in the U.S., there has been no objection to the temporary suspension from U.S. industry.

Prior to 1978, the U.S. menthol market was served entirely by imports and was subject to wide swings in availability and pricing. The presence of H&R in the domestic market has reduced imports to 55% of the U.S. market and stabilized the price and availability to the consumer.

Because H&R is a major exporter of menthol and receives duty drawback on exports, the revenue impact of a permanent suspension on menthol feedstocks would be minimal. For example, since 1977 H&R has paid $3.44 million in duty for the importation of menthol feedstocks. This period includes the six years the duty has been suspended (1985-91). However, through duty drawback H&R has or will recover $3.26 million, or 94.7% of the duty paid.

For 1993, the year after the current duty suspension expires, the amount of feedstock imports projected by H&R would carry a duty of $366,000. Again, because of exports H&R would obtain a duty drawback of $348,000, or 95% of the total. Therefore, the net duty paid would be only $18,000 per year.

Since the duty on menthol feedstocks affords no protection to any U.S. industry or manufacturer and there are no domestic producers, H&R believes that a permanent duty suspension is warranted and urges passage of H.R. 1984. A permanent suspension will allow H&R to remain competitive with foreign producers in the U.S. and will help preserve the American menthol industry.

Thank you for the opportunity to present our comments. If you have any questions, you can contact me at (201) 912-5701, or our Washington Representative, Jim Smith at (202) 835-0740.

Sincerely,

HAARMANN & REIMER CORPORATION

Dr. Götz J. Blume
Vice President

PHILIP MORRIS
U.S.A.
P.O. BOX 26603, RICHMOND, VIRGINIA 23261 TELEPHONE (804) 274-2000

June 10, 1991

Robert J. Leonard, Chief Counsel
Committee on Ways & Means
1102 Longworth House Office Bldg.
Washington, DC 20515

Re: H.R. 1984:
To Provide Permanent Duty-Free Treatment for Certain Menthol Feedstocks

Dear Mr. Leonard:

This is in response to the Committee's request (Subcommittee on Trade, Release #6, May 14, 1991) for written comments on certain tariff and trade bills. I am writing to express our company's strong support for H.R. 1984: a bill to provide permanent duty-free treatment for certain menthol feedstocks.

As a major American consumer of synthetic menthol, our firm, Philip Morris USA., is highly dependent on a stable American menthol market. Menthol is an essential ingredient to some of the products we manufacture.

Since 1978, Haarmann & Reimer Corp., the only menthol manufacturer in the United States, has provided American users with both a stable price and reliable source. Prior to H&R's entry to the market, Philip Morris USA was 100% dependent on foreign imports of menthol. As such, Philip Morris USA experienced wide swings in pricing and availability.

It is my understanding that menthol feedstock, an ingredient essential to the manufacture of synthetic menthol, is not produced in the U.S. and must be imported at a very high rate of duty. Therefore, I urge the Committee to remove this duty in order to preserve the American menthol industry and to maintain a reliable and affordable source for U.S. industry and consumers.

Thank you for the opportunity to offer my comments. If you have any questions, please feel free to contact me.

Sincerely,

Joseph H Griffin Jr

Joseph H. Griffin, Jr.
Sr. Purchasing Agent

MARLBORO BENSON & HEDGES MERIT VIRGINIA SLIMS PARLIAMENT LIGHTS PLAYERS SARATOGA CAMBRIDGE ALPINE MULTIFILTER

THE PROCTER & GAMBLE COMPANY
GENERAL OFFICES
2 PROCTER & GAMBLE PLAZA, CINCINNATI, OHIO 45202-3314

June 11, 1991

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Bldg.
Washington, DC 20515

Re: H.R. 1984: to provide permanent duty-free treatment for certain menthol feedstocks.

Dear Mr. Leonard:

This is in response to the Committee's request (Subcommittee on Trade, Release #6, May 14, 1991) for written comments on certain tariff and trade bills. I am writing to express Procter & Gamble's support for H.R. 1984; a bill to provide permanent duty-free treatment for certain menthol feedstocks.

As a major American consumer of menthol, this Company depends on a stable menthol market. Menthol is an essential ingredient in many of the products we manufacture, such as oral care products.

Since 1978, Haarmann & Reimer Corp., the only menthol manufacturer in the United States, has provided American users with both a stable price and reliable source. Prior to H&R's entry to the market, our company was 100% dependent on foreign imports of menthol. As such, we experienced wide swings in pricing and availability, which in turn, made it difficult to provide our customers and the American consumer with reliable and affordable mentholated products. With an American source now available, we have been able to reduce our menthol imports substantially and the price of menthol has remained relatively constant and affordable.

Finally, it is our understanding that menthol feedstocks, an ingredient essential to the manufacture of synthetic menthol, are not produced in the U.S. and must be imported at a very high rate of duty. Therefore, we urge the Committee to remove this duty to help maintain a reliable and affordable source for U.S. industry and consumers.

Thank you for the opportunity to offer our comments. If you have any question, please feel free to contact me.

Sincerely,

D. J. Elliott/tlm

D. J. Elliott
Associate Manager
International Trade
513/983-4967

DJE:tlm/1478E

c. Nancy Adams, USTR
Barbara Steinboch, ITA

H.R. 1985

To suspend until January 1, 1995, the duty on certain chlorinated synthetic rubber

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LORD

Lord Corporation
Chemical Products Group
South Street
P. O. Box 556
Saegertown, PA 16433-0556
814:763-2345
TWX: 510-6952000
Rapifax: 814:763-4318

The Honorable Sam Gibbons, Chairman Sub-Committee on Trade
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

May 23, 1991

SUBJECT: H.R. 1985 Suspension of Duty - Chlorinated Synthetic Rubber

Dear Chairman Gibbons:

This letter is written in support of the subject bill introduced by Congressman Tom Ridge.

There has been no manufacture of chlorinated rubber in the United States since February 1989 when Hercules, Inc. exited the market. Prior to ceasing of operations Hercules manufactured synthetic chlorinated rubber; manufacture of chlorinated natural rubber had been discontinued many years before the Hercules departure and duty had been removed on chlorinated natural rubber years ago when there no longer existed a U.S. manufacturer.

Chlorinated synthetic rubber is a key ingredient in the manufacture of Lord Chemlok rubber to metal adhesives. Chemlok adhesives are critical bonding agents used in the manufacture of rubber to metal assemblies for motor vehicles, aerospace, defense industry components and general transportation. Prime Chemlok applications are engine mounts, tank tread pads, automotive components, aircraft engine mounts, helicopter rotor blade assemblies, rocket motor components and general vibration isolation mounts. Quality and performance of high viscosity chlorinated rubber is unique and critical in Chemlok vulcanization adhesives. Most chlorinated rubbers are of low viscosity and used in traffic and maintenance paints which Lord Corporation does not manufacture. In our product formulations, chlorinated rubber undergoes complex chemical reactions at elevated vulcanization temperatures. These reactions enable the adhesive to bond to the vulcanizing rubber during fabrication. If the chemical structure and properties of the high viscosity chlorinated rubber is not within tight control, customer performance will be inadequate and unacceptable.

Page 2
May 22, 1991
H.R. 1985

The specific bill details duty exclusion on viscosity grades of 100 CPS +. All of our applications are for high viscosity (100 CPS +) chlorinated synthetic rubber.

Chemlok manufactured by Lord Corporation for 30 years, is the world's leading adhesive for bonding elastomeric compounds to metal. Our sales are worldwide and exceed $20 million dollars per year. With growing competition from the European and Japanese communities, we are faced with operating at an economic disadvantage in payment of 1¢ per pound plus 7.7 percent import duty.

In the worldwide competitive marketplace, we are at a disadvantage because we pay this duty on chlorinated synthetic rubber since all is imported from either Germany or Japan, the only sources for the required high viscosity chlorinated synthetic rubber.

We wish to preserve our integrity and continue to compete in the world marketplace while maintaining manufacturing facilities in western Pennsylvania with profit margins to allow a fair and competitive economic posture.

We support H.R. 1985 and recommend speedy approval to remove an unfair economic obstacle.

Thank you.

Sincerely,

Joe A. Boughton
Manager, Purchasing

JAB/law

P. G. Gemeinhardt - Consultant
5006 S.E. Heartleaf Terrace
Hobe Sound, FL 33455
(407) 220-9147

May 24, 1991

The Honorable Sam Gibbons
Chairman, Subcommittee on Trade
Committee on Ways and Means
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Gibbons:

This letter in support of H.R. 1985 is in response to the request for comments contained in the Committee's press release of May 14, 1991. H.R. 1985, sponsored by Representative Thomas Ridge, proposes a temporary suspension of duty on imported chlorinated synthetic rubber. I write on behalf of the Mobay Corporation to express their support of this request.

Mobay imports chlorinated synthetic rubber (CSR) that is manufactured by its parent company, Bayer AG of West Germany. Bayer is a major force in the world's capacity for producing CSR. In fact, Bayer has been producing chlorinated rubbers for 50 years.

Granting this duty suspension will benefit American industry because of the great diversity of CSR in use. The combination of exceptional resistance to chemicals, water and weather makes CSRs very attractive bases for paints and coatings serving a multitude of needs in protecting surfaces against corrosion. These paints are used wherever the protection they afford takes precedence over the decorative effect giving excellent results on steel, iron and zinc, but equally on concrete and other mineral construction materials. Some of the many applications in which CSR formulated paints give reliable protection against corrosion in air or under water are; industrial plants, tank farms, refineries, shipbuilding, bridge construction, piping, traffic paints and swimming pools. CSR also make excellent contact adhesives for a great many uses.

Temporarily suspending the duty on CSR will benefit the manufacturers of paints and adhesives and the many end-users of these products. There is no domestic production of the rubber. We urge the Committee to approve this legislation.

Thank you.

Sincerely,

Paul Gemeinhardt

P. G. Gemeinhardt
Consultant for Mobay Corporation

H.R. 1990

To suspend until January 1, 1995, the duty on secondary butyl chloride

No comments submitted.

H.R. 1995

Regarding the payment of interest with respect to certain reliquidated entries

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MINEMET INC.

SIX STAMFORD FORUM P O BOX 10398
STAMFORD CONNECTICUT 06904 2398

TELEPHONE: (203) 977-6400
TELECOPIER: (203) 348-4674
TELEX: RCA 232082

June 4, 1991

Mr. Robert J. Leonard, Chief Counsel,
Committee on Ways & Means
U.S. House of Representative
1102 Longworth Building,
Washington, D.C. 20515

Dear Mr. Leonard:

This is in reference to the Trade Subcommittee's Press Release of May 14, 1991 listing miscellaneous Tariff and Trade Related Bills and requesting written testimony thereon for the record, from interested parties.

We are taking this opportunity to respectfully and factually write to you herein in relevant support of HR1995 of Congressman Dennis E. Eckart in cooperation with his Fellow Ohioan Colleague,-Congressman Don Pease and to kindly ask you, for your much valued support for it,-in view of the underlying most unique merits and Special situation, compellingly bearing on this most warranted Remedial Legislation.

As you know, HR1995 justifiably and reasonably provides for the overdue payment of simple interest at the statuary rate on Tariff Principal refunded on Nov. 15, 1988, by Customs, pursuant to Legislatively directed Reliqidation of 4 entries of Tin Ingot products on November 14, 1988, under the Remedial provisions of Section 1843 of HR4848 of 1988.

This Follow-up, incumbent, Meritable Remedial HR1995,-shall Justly and Reasonably very partially cover, the much higher Bank Interest costs we,-as innocent, reputable corporate party,-were forced to pay on the wrongful Tariff, extracted by Customs,-on March 7, 1984 but unfortunately not the additional heavy legal and other damaging costs, with which we were victimized, by Customs arbitrary and wrongful reclassifications action!

For your kind guidance please note that in Jan/Feb 1982, Customs incorrectly and arbitrarily reclassified 4 entries of definite Tin Pig pure Ingots, imported from Brazil in Feb. 1979 and which we correctly entered in March 1979 under Item 622.02 of the Tariff schedule (TSUS),-with duty free status and did not require any remelt end-use Certificates, pursuant to said Tariff schedule.

Customs' wrongful, arbitrary Reclassifications, directly caused us,- as an innocent Reputable Business entity,-financial hardship and damagingly saddled us with chocking Bank Interest, legal and other costs.

For several long years, we and our attorneys,-dilligently and continously made representations to Customs, for getting Administrative reversal of their wrongful, unreasonable reclassifications and submitted to Customs, irrefutable evidential testimony in May 1982 from numerous, independent authoritative sources, in unconditional support of the correct[illegible] of our position and entries,-under 622.02 TSUS, all at considerable expense to us.

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Some of these Authoritative, Expert Independent Sources were: Dr. John K. Tien, Professor of Metallurgy of Columbia University; Dr. Carmine D'Antonio, Professor of Metallurgy of N.Y. Polytechnic Institute; The International Tin Instutute; The American Society of Testing Materials (ASTM) etc., as per the enclosures thereof.

We also proved that our correct and realistic classification of the imported Tin products as Grade "A" pure Tin "Ingots" also totally and importantly conformed with all U.S. Federal requirements and standard for Tin,-under the then U.S. National Stockpile Specification P-55-R3.

All these extensive and costly irrefutable affirmative supporting evidence,-were unfortunately to no avail! On March 7, 1984, Customs finally exracted an inapplicable Tariff, not due them, under our protest, causing us some financial hardship and which was finally refunded to us on November, 15, 1988 under the Remedial Legislation, which for your kind info,-was actually suggested and drafted by Customs, as per the attached letter from the Then Deputy Commissioner of U.S. Customs dated November 9, 1984.

We were entrapped by Customs Blatant abdication of its Administrative responsibility by thrusting it into the Congressional Relief and by Customs Drafted Legislation and by its assurances that by ipso facto of its special nature, The Relief Legislation is expected to be passed within several months. Customs Drafted Legislation was supported by the U.S. Treasury, as per the attached copy of letter from U.S. Treasury, from J. Michael Hudson, Assistant Secretary, of March 5, 1987.

Obviously, because of Presidential Veto of Trade Legislation and/or or, because of the miscellaneous Tariff Bills also containing objectionable Legislation from other sources,-our bill was held hostage to them until The 100th Congress, in 1988.

Consequently, in view of all above enumerated overwhelming merits and the Special nature of this matter, we request and trust that you and your Committee shall kindly and meritably support, include this follow-up Remedial HR1995 in your Legislation and that Congress shall adopt it as an Amendment or as a Transition Rule,-as you, your Committee and Congress all, did with the antecedent section 1843 of HR4848, in 1988, and for the same compellingly Justified, Legitimate Governing Reasons!

We thank you most gratefully for your kind consideration and for your continued support.

With best regards, we are,

Yours sincerely,

Solomon H. Stern
Senior Director-Raw Materials

SHS/ja
Encls.

P.S: Should the consideration of "Budgetary offset", apply to HR1995, then in such a case,-please note, that if necessary, we are prepared to accept interest payment "in kind", - i.e., in surplus material of the National Stockpile or other suitable surplus Government property, or in credit against our current and/or future tax obligations to the U.S. Treasury. SHC.

P.S.S. We are attaching hereto a chronological summary of the preceding unfortunate Tariff/Customs caused, events, culminating in the antecedent Customs' Drafted Remedial Legislation of HR4848 Section 1843. Subject HR1995 is a follow-up, technical Amendment of necessary Remedial Special meritable nature. We are also attaching the underlying supporting documentation.

MINEMET INC.

To Mr. Robert J. Leonard,-
Chief Counsel,-
Committee on Ways and Means
Washington, D.C. 20515

June 5, 1991

Re: Miscellaneous Bill #HR1995

A Chronological Summary of the salient events and Special considerations leading to and inexorably rendering the, follow-up HR1995, a most compellingly deserving and Meritable Remedial Legislation, critical, to Justly Remedying an untenable costly injustice of Customs'.

(1) During a random audit, in Feb. of 1982, U.S. Customs Services, in New York City, erroneously, arbitrarily, reclassified four import Customs entries,-out of numerous other entries on identical material,-of odd-shaped grade A,-pure 99.9% pig Tin Ingots,=of duty-free status, under the applicable classification in item 622.02 of TSUS, without requiring submission of Remelt certificates.

(2) We and our attorneys, continually strove to show the U.S. Customs in New York,-that these pure tin Ingots material were indeed genuine grade A, pure Tin Ingots of unusual shape,-under all trade and U.S. Federal standards and under any "objective" classification.

(3) We submitted to U.S. Customs in March/May 1982, numerous written affidavits, from countless, independent, universally recognized outside expert authorities in this field,-including International Tin Institute; Dr. Thomas S. Mackey, of the Engineering, Geological and Metallurgical Firm of Key Metals, and Minerals Engineering Corporation,-Dr. John K. Tien, Professor of Metalllurgy of Columbia University, Dr. Carmine D'Antonio,-Professor of Metallurgy of N.Y. Polytechnic Institute.

(4) The Tin material was also reviewed by the American Society of Testing Material (ASTM). It clearly attested in writing, as to both the physical properties and chemical characteristics of the material unmistakenly,-"falls within the classification of grade A Tin." Furthermore, the tin material in question,-"certainly falls in the classification B-339-72, pig tin grade A, of unusual Ingot shape."

(5) It is significant to point out that the then valid U.S. National Stockpile Specification P-55-R3, issued by the U.S. Department of Commerce with the approval of FEMA,-for grade A Tin Ingot for an in, the National Stockpile is based on ASTM'S above quoted B-339-72 designation for grade A, pig Tin Ingots.

(6) Thus, our subject imported tin ingots also, conformed to and met, U.S. Federal standards and classification for grade A pig Tin Ingots, for the National Defense Stockpile as well!!

(7) Nevertheless, Customs, unreasonably Reclassified these four entries,-as "pipes and tubes," under the wrongful classification in item 622.40,-with 6% import duty, which it unfairly extracted from us on March 7, under our protest,-causing us financial hardship and damagingly saddling us with heavy Bank Interest, legal costs etc.

[illegible]

(8) Thereafter, we also appealed to U.S. Customs in Washington, D.C. for administrative remedy. However, to the great disappointment of all, its then Duputy Commissioner Alfred R. DeAngelus, by means of a letter dated November 9, 1984, instead stated that "we do recognize" that there are equitable considerations in this matter,-and "suggested that we have our Senators "propose special legislation "to exempt these four entries from duty" and that U.S. Customs, would "assist in preparing the appropriate documents."

Indeed, Mr. John Simpson of Customs, in Washington, D.C.-did draft the antecedent Remedial Tariff Refund Legislation, on March 29, 1985, as per the attached copy of a note from Mr. Simpson of March 29, 1985.

(9) Customs' Drafted Legislation was supported by the U.S. Treasury, as per the attached copy of letter from U.S. Treasury, from J. Michael Hudson, Assistant Secretary, of March 5, 1987.

(10) We were entrapped by Customs Blatant abdication of its Administrative responsibility by thrusting it into the Congressional Relief and by Customs' Drafted Legislation, which resulted in the miscellaneous Bill 1843 of HR4848,-and by its assurances that by ipso facto of its Special nature, the Relief Legislation was expected to be passed within several months.

Obviously, because of Presidential Veto of the Trade Legislation and/or, because of the miscellaneous Tariff Bills also containing objectionable Legislation from other sources,-our miscellaneous Bill Section 1843 of HR4848 was held hostage to them, until the 100th Congress, in 1988.

(11) Pursuant to said antecedent 1843 of HR4848 miscellaneous Relief Bill suggested and Drafted by U.S. Customs, in Washington, D.C. in March 1985,-the Tariff Principal which was wrongfully and arbitrarily extracted from us by Customs on March 7, 1984,-was finally, refunded to us, on November 15, 1988.

(12) This highly meritable and most deserving, Follow-up (actually a Defacto Technical Amendment or Transitional Rule) to said Antecedent 1843 of HR4848,-Remedial miscellaneous HR1995,-Justly Legitimately and most reasonably privides for the payment of simple interest at statutory rate, from March 7, 1984, on the Remedial HR4848 directed Tariff Principal Refunded to us on November 15, 1988.

Consequently, in view of all above enumerated overwhelming merits and the Special nature of this matter, we request and trust that you and your committee, shall kindly and meritably support, include this Follow-up Remedial HR1995 in your Legislation and that Congress shall adopt it as an Amendment or as a Transition Rule,-as you, your committee and Congress all, did with the antecedent section 1843 of HR4848, in 1988, and for the same Justified, compelling meritable reasons!!

With grateful thanks and best regards, I am,

Sincerely,

Solomon H. Stern
Senior Director-Raw Materials

SHS/ja
Encls.

MINEMET INC.

To: Mr. Robert J. Leonard,
Chief Counsel,
Committee Ways and Means
Washington, D.C. 20515

June 5, 1991

An Itemized List of Attached Supporting Documentation/Exhibits to HR1995.

(1) A copy of HR1995.

(2) A copy of Minemet's Request and Protest to Customs of December 12, 1988 for Administrative Relief on Interest payment on Tariff Principal refunded through Provisions of Remedial Miscellaneous Bill 1843 of HR4848 and Customs Denial noted thereon on February 17, 1989.

(3) U.S. Treasury's letter, dated March 5, 1987 assuring "that treasury will take no steps to impede enactment of such measure if introduced in the 100th Congress".

(4) The copy of the actual miscellaneous Relief Bill of Section 1843 of HR4848 enacted by the 100th Congress in 1988.

(5) Mr. John Simpson letter of U.S. Customs of March 29, 1985 forwarding this draft Relief Legislation on Tariff Principal refund, drafted and suggested by U.S. Customs.

(6) A copy of a long letter from Mr. Alfred R. DeAngellus, then Deputy Commissions of U.S. Customs in D.C. dated November 9, 1984,-the operative section is on bottom of Page 2,

(7) Copy of letter from Congressman Thomas J. Downey of March 26, 1987 advising that the Committee reported out the comprehensive Trade Reform Legislation on March 25, 1987 in which "the bill providing relief for Minemet was included" and "that the House will consider the Trade Bill at the end of April and I will work hard to see that nothing happens to the Minemet provision in the Legislative Process"

(8) Congressman Norman Lent's Letter to the then U.S. Treasury Secretary,-James Baker, dated January 9, 1987,-setting forth the salient compelling merits of Minemet's case,-deservant of and requesting, Justified Administrative Relief.

(9) Chairman Sam Gibbons letter to Congressman Lent of April 29, 1987 assuring Congressman Lent that the Committee "will take your comments into account as we pursue getting this provision in Section 868 of HR3, enacted into law!"

(10) Letter from the Chairman of the Committee B-2 on NonFerrous Metal Alloys of the American Society of Testing Materials (ASTM) dated June 11, 1984, with the operative summary statement "that the material which you have shown me certainly falls in the classification B-339-72 pig tin Grade "A" of unusual Ingot shape."

(11) The actual "standard classification of Pig Tin" B-339 reapproved in 1984 and which classification is universally recognized and accepted by all, in this country and abroad, including by the U.S. Military, Federal Agencies such as GSA,-and FEMA, U.S. Dept. of Commerce amd by all Aerospace Industry etc. and the Trade.

(12) A copy of the U.S. National Stockpile Purchase Specification No. P-55-R3 dated June 10, 1980, issued by the U.S. Department of Commerce "with the approval of FEMA",-who at that time had Jurisdiction over our National Stockpile. Subject U.S. Federal Specification clearly accepted and qualified our subject imported tin products, as "Pig Tin of Grade A".

(13) Letter from the International Tin Research Institute of April 29, 1983; a letter from Dr. Carmine D'Antonio, Professor of Metallurgy, Polytechnical Institute of Reference dated of May 6, 1982; a letter from Dr. John K. Tien, Professor of Metallurgy, Columbia University; a letter from Dr. Thomas S. Mackey, President of the noted, Profesional Engineering, Geological and Metallurgical firm of Key Metals, in Texas, dated May 4, 1982; and notorization letter of State of Texas dated May 6, 1982 attesting Dr. Mackey's said letter.

All these supporting affidavits type of evidentiary letters clearly attested to the Tin conforming to Grade A classification, and all, were submitted to U.S. Customs.

(14) Letter from Senator Alan Simpson to Commissioner VonRaab of May 17, 1985, in which the operative statement was "I would appreciate your taking a personal look at this one, Bill". It sounds absolutely absurd...and I would appreciate having your view and your comments." Again, this was also to no avail, as far as getting justified Administrative Relief.

(15) Copy of a Brazilian Certificate of Origin, dated March 6, 1979 from the underlying Brazilian producer and shipper of the Tin Ingots, certified by both the Brazilian Exterior Ministry of Commerce and by U.S. Consulate in Brazil. This certificate also clearly described the Tin material as "Unwrough Tin" and as "Unwrough Tubular Ingots".

(16) A certificate of Analysis of Brazil also officially certified by the Brazilian Chamber of Commerce and Industry on March 6, 1979, showing clearly (A) the purity to be "99.934%" of tin and (B) "unwrought Tin (unwrought circular Ingots) TSUS NR. 622.02" which they were and we entered the properly said valid TSUS classification. Finally, our protest filed March 1982 and April 6/25/1982 protesting Custom's wrongful reclassification of the 4 entries and which also showed Custom's denial, on September 3, 1983.

Thank you,

Sincerely,

SHS/ja

Solomon H. Stern
Senior Director-Raw Materials

[SOME OF THE EXHIBITS ARE BEING RETAINED IN THE COMMITTEE FILES.]

MINEMET INC.

SIX STAMFORD FORUM - P. O. BOX 10398
STAMFORD, CONNECTICUT 06904-2398

TELEPHONE: (203) 977-6400
TELECOPIER: (203) 348-4674
TELEX: RCA 232082

1001-8-009830 JAD

December 12, 1988

U.S. CUSTOMS SERVICE
6 World Trade Center
Room 762
New York, NY 10048. (TEL(212-)466-4571-2)
District 21001, Importer No: 13-275438500

ATT: MR. JOSEPH A. DISALVO, HEAD OF PROTEST AND CONTROL SECTION.

		DATE OF RELIQUIDATION
RE:	CUSTOMS ENTRIES 00329493	11/14/1988
	00329494	" "
	00329495	" "
	00330003	" "

Dear Mr. DiSalvo:

PROTEST ARGUMENT ATTACHMENT

As may be seen from the records, - we were deprived of the recently refunded Tariff sum of $216,209.26, - since March 1984, - for circa 4 1/2 years! This is obviously, a considerably long time, with due Financial Hardship associated with it.

We further sustained substantial interest costs on this $261,209.26, during these long 4 1/2 years.

Therefore, we request Administrative relief on our claim to reinbursement of accured interest from U.S. Customs, - under the provisions of 19 USC/1520 (D), - with the reliquidations date of Nov 14, 1988, - as properly constituting the operative liquidation date, applicable thereto.

In addition, this is also importantly buttressed, by the special circumstances surrounding our situation, with compelling consideration for equity and fairness, in this unfortunate episode.

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MINEMET INC.

MR. DISALVO, U.S. CUSTOMS DECEMBER 12, 1988

Page 2

As you know, it was precisely these special circumstances and consideration for basic equity and fairness, in the matter, - which so compellingly prompted the sponsorship and the enactment of this Legislative remedy of the matter, through section 1843 of H4848. Significantly, it had the concurrence of Secretary of the Treasury, as well.

Please accept our grateful thanks for your kind consideration of this meritable request.

Sincerely,

Solomon H. Stern
Sr. Director-Raw Materials

SS/kc

ENCLS

Form approved OMB No. 1515-0056

DEPARTMENT OF THE TREASURY
UNITED STATES CUSTOMS SERVICE
PROTEST
Pursuant to Sections 514 &515(a), Tariff Act of 1930 as amended, 19 CFR 174 et. seq.

NOTE: If your protest is denied, in whole or in part, and you wish to CONTEST the denial, you may do so by bringing a civil action in the U.S. Court of International Trade within 180 days after the date of mailing of Notice of Denial. You may obtain further information concerning the institution of an action by writing the Clerk of U.S. Court of International Trade, One Federal Plaza, New York, New York 10007, (212-264-2800)

1. PROTEST NO. *(Supplied by Customs)* 1001-9-[illegible]330

2. DATE RECEIVED *(Customs Use Only)* U.S. CUSTOMS RECEIVED CF 2-[illegible]557

SECTION I — IMPORTER AND ENTRY IDENTIFICATION

3. DISTRICT: 21001

4. IMPORTER NO.: 13-275438500

6. NAME AND ADDRESS OF IMPORTER OR OTHER PROTESTING PARTY:
MINEMET INC.
SIX STAMFORD FORUM P.O.BOX
STAMFORD, CT 06904

5. ENTRY DETAILS

PORT CODE	FY	ENTRY NO.	CHECK DIGIT	DATE OF ENTRY	DATE OF LIQUIDATION re
2001	79	-329493-	0	3/16/799	11/14/88
1001	79	-329494-	0	3/16/79 (13)	" "
1001	79	-329495-	0	3/28/79	" "
1001	79	-330003-	0	3/21/79	" "

SECTION II — APPLICATION FOR FURTHER REVIEW
(Fill in item 1 above if this is a separate Application for Further Review)

7. ☐ THIS IS AN APPLICATION FOR FURTHER REVIEW IN LIEU OF REVIEW BY THE DISTRICT DIRECTOR. *(Complete item 8 below.)*

YES	NO	8. Please answer each of the following questions as these criteria must be met for approval of further review of protest, IF REQUESTED ABOVE.
		Have you made prior request of a district director for a further review of the same claim with respect to the same or substantially similar merchandise?
		Have you received a final adverse decision from the U.S. Court of Int'l Trade on the same claim with respect to the same category of merchandise or do you have action involving such a claim pending before the U.S. Court of International Trade?
		Have you previously received an adverse administrative decision from the Commissioner of Customs or his designee or have you presently pending an application for an administrative decision on the same claim with respect to the same category of merchandise?

SECTION III — DETAILED REASONS FOR PROTEST AND/OR FURTHER REVIEW

9. With respect to each category of merchandise, set forth, separately, (1) each decision protested, (2) the claim of the protesting party, and (3) the factual material and legal arguments which are believed to support the protest. All such material and arguments should be specific. General statements of conclusions are not sufficient. If Further Review is applied for, set forth, additionally, a justification for Further Review under the criteria in 19 C.F.R.174.24 and 174.25.

WE ARE ATTACHING HERETO OUR COMPELLING PROTEST ARGUMENT AND REQUEST, UNDER 19 USC/1520 (d), FOR JUSTIFIED ADMINISTRATIVE REMEDY OF MERITABLE REINBURSEMENT TO US, FOR ACCRUED INTEREST, ON CUSTOMS RECENTLY REFUNDED TARIFF PRINCIPAL OF $216,209.26.

ENCL ✓

(Attach Additional Sheets, If Necessary)

SECTION IV — SIGNATURE AND MAILING INSTRUCTIONS

10. NAME AND ADDRESS OF PERSON TO WHOM ANY NOTICE OF APPROVAL OR DENIAL SHOULD BE SENT:
MR. EMILE BATTAT AND/OR
MR. SOLOMON STERN
MINEMET INC
6 STAMFORD FORUM
STAMFORD, CT 06904-2398

11. IF FILING AS ATTORNEY OR AGENT, TYPE OR PRINT YOUR NAME, ADDRESS, AND IMPORTER NO., IF ANY

12. SIGNATURE AND DATE: Emile A. Battat, Pres. [illegible]

SECTION V — DECISION (CUSTOMS USE ONLY)

13. THIS ☐ PROTEST ☐ APPLICATION FOR FURTHER REVIEW HAS BEEN:

☒ DENIED IN FULL OR IN PART BECAUSE ▽ ☐ APPROVED*

☐ Untimely Filed

☐ See attached protest review decision

☐ Does not meet criteria

☒ Other, namely —

The subject entries were not reliquidated pursuant to Sec. 514, Sec. 520(c)(1), or a court determination. Consequently sec. 520(d) has no application.

MR.

* When further review only is approved, the decision on the protest is suspended, pending issuance of a protest review decision.

14. TITLE OF CUSTOMS OFFICER: Protest Reviewer

15. SIGNATURE: Joseph [illegible]

DATE: FEB 17 1989

PAPERWORK REDUCTION ACT OF 1980 STATEMENT: The U.S. Customs Service requires the information in this form to ensure compliance with Customs laws, to identify documents and statements in order to allow or deny the protest, and to advise protestant. Your response is mandatory.

PREVIOUS EDITIONS ARE OBSOLETE.

Customs Form 19 (090883)

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

March 5, 1987

Dear Congressman Lent:

Thank you for your letter of January 9, 1987, to Secretary Baker concerning the classification of four import entries by Minimet, Inc., in 1979. Secretary Baker has asked me to reply to your letter for him.

As you may be aware, the appropriate classification of the entries discussed in your letter is the subject of a lawsuit filed by Minemet against the United States in the Court of International Trade in 1985. Thus, the Customs Service can now reliquidate the entries at the classification preferred by Minemet only by order of the court. Any proposals to settle the pending suit are properly directed to the Department of Justice, which represents the United States in this matter, and has final responsibility for the conduct of the suit.

As noted in your letter, the Customs Service supplied draft legislation that would afford relief from the higher duty that Minemet incurred by operation of law as a result of its failure to file remelt certificates within three years of the entries. That legislation was introduced in the last session, but did not receive approval prior to the end of the 99th Congress. Please be assured that Treasury will take no steps to impede enactment of such a measure if reintroduced in the 100th Congress.

Sincerely,

Mike Hudson

J. Michael Hudson
Assistant Secretary
(Legislative Affairs)

The Honorable Norman F. Lent
House of Representatives
Washington, D.C. 20515

1

DEPARTMENT OF THE TREASURY
U.S. CUSTOMS SERVICE
WASHINGTON

Rec'd on Jan. 14, 1985
SBS

NOV 9 1984

REFER TO
CLA-2 CO:R:CV

Dear Mr. Stern:

This is in response to your correspondence of September 20, 25, and October 2, 1984, concerning certain merchandise imported from Brazil and entered in March of 1979.

You state in your correspondence of September 20, 1984, that representatives of Minemet met with a Mr. Gambardella of U.S. Customs in New York on October 25, 1981, and made a request during the meeting that any and all open unliquidated entries requiring a remelt affidavit be furnished to Minemet.

You further state that such a list was furnished to Minemet by Mr. Gambardella but it did not contain the four entries now in question.

You conclude that had Customs not failed to omit these four entries from the list, Minemet would have submitted the necessary remelt affidavits promptly.

Let me just say at this point that I expect all Customs officers to treat the importing public in a fair, equitable, courteous, and consistent manner. I must also point out that the Customs Service is bound by various statutory and regulatory provisions. With this in mind, I directed a member of my staff to thoroughly review this matter and advise me of his findings.

As you are aware the four shipments were entered in March of 1979. The related entry summary documents (Customs Form 7501) were first submitted to the commodity specialist team in New York by Minemet's Customhouse Broker, J. M. Rogers Co., Inc., with a proposed classification under item 622.02, TSUS, free.

Upon review, the commodity specialist team rejected each submission and returned each submission to the broker with a properly referenced correction slip. Each correction slip contained subtantially the same information:

> Please reclassify from 622.02 to 622.40. If this merchandise is to be remelted then it is eligible for (622.40/911.1280) free, with a bond for a remelting affidavit.

Prior to resubmission of the entry summaries the broker corrected the proposed classification and added the alternative classification as indicated by the team. The broker also obligated the general term bond for a remelting affidavit in each instance by noting "REMELTING AFFIDAVIT" in the missing documents space on the bottom left side of the Customs Form 7501. I am enclosing copies of the documents referred to in the preceding paragraphs.

I was advised of this information to show that your customhouse broker was aware that a remelting affidavit was required for the four entries.

Mr. Domenick Gambardella, whom you refer to in your correspondence, a former Customs employee, performed an audit of Minemet while working as an auditor in the New York Region's Regulatory Audit Division. Mr. Gambardella's notes reflect that he met with Mr. Mark Milmer, Traffer Manager and Mr. Emil Ferris, Treasurer of Minemet on October 21, 1981. The audit Mr. Gambardella was conducting involved entries filed between May 7, 1979 and January 3, 1980.

In an effort to extend a courtesy, Mr. Gambardella did furnish a list to Minemet of those entries included in the audit performed on Minemet by the Regulatory Audit Division. However, the four entries now in question were filed in March of 1979 and were not subject to the audit.

As I previously advised you, the Customs Service is bound by various statutory and regulatory provisions. General Headnote 10(e)(ii), Tariff Schedules of the United States (19 U.S.C. 1202), requires that proof of use be submitted within 3 years from the date of entry. Section 10.137 of the Customs Regulations (19 CFR 10.137) places the burden on the importer to keep appropriate records. I am enclosing for your review the applicable law and regulations.

Although as an administrative agency of the Executive Branch of the Government we are bound to follow applicable laws and regulations, we do recognize that there are equitable considerations in this matter.

What we would suggest is that you have Senator D'Amato propose special legislation (a private bill) to exempt these four entries from duty. Although as a matter of policy the Customs Service does not take a position in this type of legislation, we would be glad to have someone assist Senator D'Amato in preparing the appropriate documents.

I regret that I am precluded by law from making any refunds of duty in this matter; however, I hope that the above suggestion will resolve the matter.

If I can be of any further assistance to you please do not hesitate to contact me.

Sincerely,

Alfred R. De Angelus

Alfred R. De Angelus
Deputy Commissioner

Mr. Solomon H. Stern
101 Park Avenue (Suite 1202)
New York, New York 10178

Enclosures

THOMAS J. DOWNEY
2D DISTRICT, NEW YORK

2232 RAYBURN HOUSE OFFICE BUILDING
TELEPHONE: (202) 225-333

DISTRICT OFFICE:
4 UDALL ROAD
WEST ISLIP, NY 11795
TELEPHONE: (516) 661-8777

COMMITTEE ON
WAYS AND MEANS
SUBCOMMITTEE ON TRADE
COMMITTEE ON THE BUDGET
SELECT COMMITTEE ON AGING

Congreſs of the United States
House of Representatives
Washington, DC 20515

March 26, 1987

Mr. Solomon Stern
104 Larch Drive
Manhasset Hills, NY 11040

Dear Mr. Stern:

Thank you for your letter concerning Minimet's provision in the trade bill.

As I am sure you know, the House Committee on Ways and Means, of which I am a member, completed its consideration of the comprehensive trade reform legislation yesterday, March 25, 1987. I am happy to tell you that the bill providing relief for Minimet was included, in the same form as it was passed last year, in the legislation which the Committee reported. I believe that the House will consider the trade bill at the end of April and I will work hard to see that nothing happens to the Minimet provision in the legislative process.

Once the House completes action, the Senate will have to act. I hope that we have better luck than we did last year, when the Senate refused to consider the trade bill.

Thank you for your letter. Please feel free to contact me if I can assist you with any other matter.

Sincerely,

THOMAS J. DOWNEY
Member of Congress

TJD/jo

NORMAN F. LENT
4th District, New York

Committee on
Merchant Marine and
Fisheries
Ranking Republican

Committee on Energy
and Commerce
[illegible]
Commerce, Transportation
and Tourism

(Thaly Hern)

Congress of the United States
House of Representatives
Washington, DC 20515

Please respond to the
Washington, DC. Office
Unless otherwise indicated

Washington Office
2408 Rayburn House Office Building
Telephone: (202) 225-7896

District Offices
☐ Room 300, 2280 Grand Avenue
Baldwin, NY 11510
Telephone: (516) 223-1616

☐ Massapequa Park Village Hall
151 Front Street
Massapequa Park, NY 11762
Telephone: (516) 795-4454

January 9, 1987

The Honorable James A. Baker, III
Secretary
Department of the Treasury
15th Street & Pennsylvania Avenue, N.W.
Washington, D. C. 20220

Dear Jim:

Since the spring of 1985, we have been working to correct an administrative error by the U.S. Customs Service with regard to the classification for four import entries of Grade A pure pig tin ingots by Minemet, Inc. of New York City. On two occasions, the House passed tariff bills with a Minemet relief provision included, but in the final days of the 99th Congress the Senate failed to act and the matter died with adjournment. In view of that and because of the length of time involved in another effort to achieve legislative relief, we are appealing to you to exercise your authority and resolve the problem administratively.

This case began in 1982 when the Customs Service, during a routine audit, reclassified the four entries of pure tin ingots in question. Under the tariff provisions, they should have been classified as category 622.02, pure tin ingots of duty-free status and without the submission of remelt certificates. However, they were erroneously classified as "pipes and tubes", category 622.40, with a 6 percent import duty which Minemet paid under protest in 1984.

The wrongful classification apparently arose as a result of the odd tubular shape of the ingots. Minemet has duly noted and proved that the ingots cannot be used as "pipes and tubes" because they are Grade A pure tin. We have enclosed documentation to this effect from the Independent Tin Institute, and professional metallurgists on the faculties of Columbia University and the New York Polytechnic Institute.

The entries were also reviewed by the American Society of Testing Material as to both their physical properties and chemical characteristics. According to this authority, the material "falls within the classification of Grade A tin." Furthermore, it "certainly falls in the classification B-339-72, pig tin Grade A, of unusual ingot shape." Here, we also note that the U.S. National Stockpile specification P-55-R3 issued by the U.S. Department of Commerce with the approval of FEMA for Grade A tin ingots is based on ASTM's above quoted B-339-72 designation. We are firmly convinced that these facts prove that Customs made an error for the purposes of classification under the tariff law.

Minemet appealed to Customs for administrative relief, but by letter of November 9, 1984, Customs Deputy Commissioner Alfred R. DeAngelus refused to grant their request. He did, however, state that "we do recognize that there are equitable considerations in this matter..." He further suggested that "Senator D'Amato propose special legislation (a private bill) to exempt these four entries from duty." Mr. DeAngelus also offered the services of Customs in drafting such a bill. Subsequently, Mr. John Simpson of the Office of Regulations and Rulings provided Congressman Lent's office with a draft bill which he introduced on May 14, 1985 as H,R. 2506. Senator D'Amato introduced a companion bill, S. 1180, on May 21, 1985.

The Lent bill was approved by the Ways and Means Committee, first as part of the major trade bill which passed the House, and later as part of the miscellaneous tariff bill (H.R. 5686, section 206) which passed the House but could not be agreed to by the Senate in the closing days of the 99th Congress. Here, we would add that the Senate expressed no opposition to the Minemet provision in the bill.

We believe that Minemet is deserving of relief in the matter and would appreciate your personal review of the case. Upon completion of that review we are confident that you will come to the same conclusion we have and grant administrative relief without further delay.

Thank you for your cooperation and assistance. We look forward to hearing from you.

With best wishes, we are

Sincerely yours,

THOMAS J. DOWNEY, M.C.

NORMAN F. LENT, M.C.

Robert J. Mrazek

ROBERT J. MRAZEK, M.C.

RAYMOND J. McGRATH

Enclosures

SAM M. GIBBONS, FLORIDA, CHAIRMAN
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COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515

SUBCOMMITTEE ON TRADE

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RUFUS YERXA, SUBCOMMITTEE STAFF DIRECTOR

A.L. SINGLETON, MINORITY CHIEF OF STAFF
THELMA J. ASKEY, SUBCOMMITTEE MINORITY

April 29, 1987

The Honorable Norman F. Lent
U.S. House of Representatives
2408 Rayburn Building
Washington, D.C. 20515

Dear Norman:

Thank you for your recent letter regarding relief for Minemet, Inc. of New York.

Please be assured that the Committee will take your comments into account as we pursue getting this provision in section 868 of H.R. 3 enacted into law.

Sincerely,

Sam M. Gibbons
Chairman

SMG/mmp

INTERNATIONAL TIN RESEARCH INSTITUTE

FRASER ROAD, PERIVALE
GREENFORD, MIDDX. UB6 7AQ
ENGLAND

TELEPHONE: 01-997 4254

TELEGRAMS: TINSEARCH, GREENFORD

29th April, 1983.

YOUR REF:
OUR REF: CJT/VCP/TE.40,653

Mr. John B. Rehm,
Busby, Rehm & Leonard, P.C.,
Counsellors at Law,
1629 K Street, N.W.,
Suite 1100,
Washington, D.C. 20006,
U.S.A.

Dear Mr. Rehm,

Many thanks for your letter dated 14th April, with the question regarding tin pipes or tubes. The main problem arises in the definition of unalloyed tin and unwrought tin because the legal interpretation may vary slightly from that which all metallurgists accept. Therefore, in answering your question, if "unalloyed" means no deliberate elemental additions and "unwrought" literally means not mechanically deformed but only used in the cast condition, then the answer must be "no".

The use of pure tin pipes was at one time quite common for conveying beer from the barrel to the pump and the last stronghold for this practice was Germany, but virtually all systems now use stainless steel or plastic piping. In any case, the original tin piping was extruded, that is mechanically worked from the original cast billet so that, in fact, tin tubes were wrought metal. Therefore, commercially there never was an application for cast tin tubes or pipes although, as Dan Maykuth says, technically it would be feasible but probably not economic to use such a process to produce long lengths.

I hope this reply is helpful to you.

Yours sincerely,

C.J. Thwaites
Research Manager

c.c. Mr. D.J. Maykuth, Columbus Office.

TELEPHONE (212) 642-0188 LIC. NO. 38717 P.E.

CARMINE D'ANTONIO, P.E.
Metallurgical Consultant
14 KENWOOD ROAD
GARDEN CITY, NEW YORK

May 6, 1982

Mr. Emil Ferris
Minimet, Inc.
450 Park Avenue
New York, NY 10022

Dear Mr. Ferris:

This is to report on the findings of my examination of a tin ingot which was delivered to me by Mr. Mark Millner this date. The subject ingot had the shape of an irregular tube approximately 20 inches in length with an outside diameter of 4½ inches and an eccentrically located center hole approximately two inches in diameter.

The following markings were found on the tube:

"349"
"33064791/000???"
"CESBRA"

My examination revealed without question that the method of fabrication was a casting process and was not wrought. This was borne out by surface characteristics which were decidedly those of a casting and, most important, the presence of a large shrinkage cavity in the tube wall at one end. This cavity could only have resulted from casting.

It is my further opinion that this tube shaped casting can in no way be considered a finished tubular product nor could it be so used. Its only function would be for remelting.

Very truly yours,

Carmine D'Antonio, P.E.
Professor of Metallurgy
Polytechnic Institute of New York

CD:jh

JOHN K. TIEN
PROFESSOR* & CONSULTANT
1766 DOGWOOD DRIVE
YORKTOWN HEIGHTS, NEW YORK 10598
914/962-2082

12 May 1982

Mr. Marc C. Millner
Minemet Incorporated
450 Park Avenue
New York, NY 10022

Subject: Examination and Description of the White Metal Ingot

Dear Mr. Millner:

The description that follows pertains to the metal ingot, which you brought for me to examine on 6 May 1982. The ingot (slide 1) is approximately 19-3/4 inches long and 4 to 5 inches in diameter. The numbers 33064791/000 and 349 were visibly stamped on the ingot surface.

On close examination I find that this is (1) a cast, hollow ingot (slide 1); (2) the hole is irregular in shape and off-center (slide 2); (3) there is apparent evidence of shrinkage defects and casting pores (slide 2); and (4) the surface finish is as-cast (slide 3).

It is my opinion that this cast, hollow ingot is in the as-cast condition, that is, it has neither been machined nor cold or hot worked into a semi-finished or finished product. It is also my opinion that such ingots, with irregularly shaped and off-centered holes, can be used only as re-melt stock.

Respectfully submitted,

John K. Tien

Enclosures

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* Besides being an independent consultant, in which capacity I am writing this letter, I am also a Professor of Metallurgy at Columbia University.

Key Metals and Minerals Engineering Corporation
DR. THOMAS S. MACKEY, P.E., PRESIDENT

1201 LOGAN, SUITE 300, POST OFFICE BOX 3523, TEXAS CITY, TEXAS 77590
(713) 948-3122, 948-4341, 486-9368, TELEX 76-5458

TO WHOM IT MAY CONCERN

This is to advise that on May 4th, 1982, I visited the offices of Minemet, Inc., 450 Park Avenue, New York, NY, 10022. During this visit, I was shown a tubular tin ingot by Mr. Emil Ferris, Treasurer. This ingot, owned by Minemet, had the following dimensions:

Exterior Dimensions:	19-3/4 Inches by 4-1/4 Inches
Wall Thickness Between	7/8 Inches and 1-3/8 Inches
Inner Dimension:	1-7/8 Inches

This shape of tin, to the best of my knowledge, has not been used commercially in the USA. In fact, it is generally known in the trade that the tubular ingots are being imported from Brazil for a number of consumers, to be used as feed stock in the place of the normal commercial ingot. None of these tubular shaped ingots have been used in this form for commercial purposes.

It is my understanding that the tin was imported in the tubular form from Brazil for commercial benefit for the seller only. A number of the major trading firms have imported tin metal in this form and in each and every instance, to my knowledge, the end use of these tubular ingots has been remelting for the normal commercial applications of tin such as tin alloys, tin chemicals, and others.

The chemical analysis of the Brazilian tubular tin ingots, meets the ASTM Grade A classification in ingot form.

Thomas S Mackey

DR. THOMAS S. MACKEY, P.E.
BS, MS, PhD, JD, CPG, FIAC, FIMM

PROFESSIONAL ENGINEERS • CONSULTING GEOLOGISTS • METALLURGISTS • MANAGEMENT CONSULTANTS • CHEMISTS • MARKETING SPECIALISTS

Key Metals and Minerals Engineering Corporation
DR. THOMAS S. MACKEY, P.E., PRESIDENT

1201 LOGAN, SUITE 300, POST OFFICE BOX 3523, TEXAS CITY, TEXAS 77590
(713) 948-3122, 948-4341, 486-9368, TELEX 76-5458

STATE OF TEXAS
COUNTY OF GALVESTON

BEFORE ME, the undersigned authority, on this day personally appeared DR. THOMAS S. MACKEY, P.E., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER my hand and seal of office, this the 6th day of May, 1982.

Linda Seelbach
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

TSM:ls

STROM THURMOND SOUTH CAROLINA, CHAIRMAN
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DEBORAH G. BERNSTEIN CHIEF CLERK
MARK H. GITENSTEIN, MINORITY CHIEF COUNSEL

United States Senate
COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510

May 17, 1985

Honorable William von Raab
Commissioner
U.S. Customs Service
1301 Constitution Avenue
Washington, D. C. 20229

Dear Bill:

I have a serious inquiry from a very fine citizen whom I have come to enjoy and admire. Mr. Solomon H. Stern, Senior Director - Raw Materials, Minemet, Inc., in New York City, has contacted me regarding his disagreement with United States Customs Service reclassification, for import duty purposes of "random, odd-shaped, pure tin ingot materials" which Mr. Stern's company imports.

I have visited personally with Mr. Stern and have agreed to request your careful review of the enclosed materials, which outline the nature of the disagreement in depth.

I would appreciate your taking a personal look at this one, Bill. It sounds absolutely absurd -- and I would appreciate having your views and your comments.

Thank you so much.

With best personal regards,

Most sincerely,

Alan K. Simpson
United States Senator

AKS/dht
Enclosures

H.R. 2004

To suspend temporarily the duty on unstuffed dolls

See also Alexander Doll Co., Inc.; Dakin Inc.; and Hasbro Corp. under H.R. 1705

Amalgamated, Industrial and Toy & Novelty Workers of America

LOCAL 223 – AFL-CIO

147 EAST 26th STREET • 889-8180 • NEW YORK, N. Y. 10010

June 12, 1991

Robert J. Leonard, Esq
Committee on Ways and Means
U.S. House Of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

It has come to our attention that the Subcommittee on Trade of the Committee on Ways and Means has invited interested parties to submit comments on selected miscellaneous tariff and trade bills pending in the House.

Over many years the doll and toy industry has been decimated by foreign competition by manufacturers and subcontractors in foreign countries where substandard wages and working conditions have prevailed. Our industry has also suffered because of the absence of duty on dolls and stuffed toys.

As a consequence, thousands of our members have lost their jobs, and they and their families have experienced tragic hardship.

We wish to go on record as opposed to the enectment of H.R. 2004, which would result in suspension of duty on non-stuffed dolls. At the same time, we wish to point out that H.R. does not suspend duties on classifications 9502-9920, 9502-9930 and 9502-9100, which involve doll parts and dresses.

Duties should be suspended on the above classifications so that products can be made in the United States in the form of competition by American workers.

Respectfully yours,

Rocco Miranti

Rocco Miranti
President

RM/rs

applause

Applause Inc.
6101 Variel Avenue
P.O. Box 4183
Woodland Hills, California 91365-4183
(818) 992-6000

June 10, 1991

Honorable Sam M. Gibbons, Chairman
Subcommittee on Trade
Committee on Ways and Means
U. S. House of Representatives
1102 Longworth House Office Building
Washington, D. C. 20515

RE: House Rule 2004

Dear Congressman Gibbons:

APPLAUSE, INC., 6101 Variel Ave., Woodland Hills, CA 91365, supports temporary suspension on duty on unstuffed dolls.

APPLAUSE imports giftware from Thailand, Indonesia and the Phillippines. We are not aware of any U. S. manufacturer who produces giftware identical to what APPLAUSE imports from these countries.

We employ over 700 people here in the United States (20 U.S. citizens in the Far East). Their position could be affected financially without the implementation of H.R. 2004.

We support unconditional duty-free entry of unstuffed dolls in the same manner as stuffed dolls under sub heading 9902.95.01-02-04 (HTS).

Sincerely,

Barbara S. Willey

BARBARA S. WILLEY /jp
Import/Export Manager

/jp bw\letter\HR2004-2.DOC

cc: M. Hedrick
H. Kyle
P. McGuinness
J. Sloan

eugene

eugene doll & novelty co., inc.
Sales Office & Showroom: 1107 Broadway • New York, New York 10010
Tel. #: 212-675-8020 • FAX: 212-633-1012
Office & Plant: 47 Stewart Avenue • Brooklyn, New York 11237 • 718-788-1313

June 10, 1991

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

RE: BILL H.R. 2004

Dear Mr. Leonard:

We urge you **not** to consider the passage of Bill Number H.R. 2004 which calls for suspension of duty on non-stuffed dolls classified in sub headings 9502.10.40 and 9502.10.80 of the HTS.

Due, strictly to imports, our American industry has been decimated completely. We are, after 52 years, one of a handful left still manufacturing dolls in the U.S.A. and fighting for survival, at that! Why let the remnants of a once proud American industry disappear.

Instead of suspending duty on the H.R. 2004 Bill, we ask you to consider suspending the duty free status on Bill H.R. 1705. Why not **support** an American industry and manufacturer that provides work and a livelihood for those needy here at home.

Sincerely,

EUGENE DOLL & NOVELTY CO., INC.

Steve Strauss

Steve Strauss
President

SS:aa

Goldberger

GOLDBERGER DOLL MFG CO INC 538 JOHNSON AVE BROOKLYN 11237 NEW YORK 718-366-5800

June 10, 1991

Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U. S. House of Representatives
Room 1102
Longworth House Office Building
Washington, DC 20515

Re: Bill HR 2004

Dear Mr. Leonard:

We are very much opposed to the passage of bill #HR 2004 calling for suspension of duty on non-stuffed dolls.

Our company has been manufacturing dolls in Brooklyn, NY for 75 years and at one time we employed over 700 workers here at our 300,000 square feet plant. Now because of imports we employ only 300 people.

The passage of bill #HR 2004, we are, afraid would put us out of business.

We do import some doll parts and doll dresses and assemble here. Bill HR 2004 does not suspend the duties on these classifications, 9502-9920, 9502-9930, and 9502-9100.

Rather than suspending duty on the finished product as HR 2004 does, duty should be suspended on the above mentioned doll parts. In this way a competitive product can be made in the U.S.A. providing work for people in Brooklyn and other depressed areas.

Very truly yours,

GOLDBERGER DOLL MFG. CO., INC.

Lawrence Doppelt
Vice President

LD/vk

STATEMENT OF FERMIN CUZA IN SUPPORT OF H.R. 2004, TO SUSPEND TEMPORARILY THE DUTY ON UNSTUFFED DOLLS

In my capacity as Assistant Treasurer, Foreign Trade Services of Mattel, Inc. of El Segundo, California, I want to express support for H.R. 2004, which will temporarily suspend the 12% duty on unstuffed dolls classifiable under Subheadings 9502.10.40 and 9502.10.80, Harmonized Tariff Schedule of the United States (HTSUS), for the smaller and larger sizes, respectively.

Mattel is a U.S. company headquartered in El Segundo, California, employing approximately 1700 U.S. employees. We are the second largest toy company in the world based on revenues. The company has over thirty domestic and foreign subsidiaries. In addition to its headquarters in California, Mattel maintains sales offices and warehouse operations in Illinois, New York, and Texas.

The temporary suspension of duties for unstuffed dolls will strengthen the competitive position of Mattel as well as the U.S. toy industry in the global marketplace, while having a minimal impact on the domestic doll manufacturers. Because most toys have a high labor content, U.S. toy companies have been forced over the past two decades to shift their production overseas to remain competitive with foreign manufacturers. Furthermore, the volatility of the U.S. toy market, where consumers' fancies can change rapidly and where most product lines exist for only a few years, requires that companies maintain flexible sourcing policies.

The majority of the domestic production of unstuffed dolls which has remained in the United States is concentrated in the manufacturing of larger, high-value, collectible dolls by small to mid-size manufacturers. The International Trade Commission (ITC) has noted that these more expensive dolls which require a higher level of skill to manufacture generally do not compete with lower priced imported dolls. Many of the major domestic firms also purchase doll parts overseas and assemble the parts and finish the dolls in the United States. ITC Report to the President on Investigation Nos. TA-503(a)-20 and 332-290, dated June 1990.

Until recent years, both stuffed and unstuffed dolls were dutiable at the rate of 12% ad valorem. Starting in 1982, however, as a result of the 1981 Generalized System of Preferences (GSP) Annual Review, stuffed dolls from GSP beneficiary developing countries were given duty-free treatment. Thereafter, in 1983, legislation was enacted which suspended duties on stuffed dolls, and this duty suspension is currently in effect. With respect to unstuffed dolls, all such imports were fully dutiable until becoming eligible for GSP duty-free treatment under the Special Andean Review in late 1990. Also, both stuffed and unstuffed dolls are currently duty-free when imported from Caribbean Basin Initiative (CBI) beneficiaries and from Israel. Canadian imports of such dolls are dutiable at a reduced rate of 8.4% ad valorem. Thus, the enactment of H.R. 2004 will only affect the duty on unstuffed dolls imported from the few countries which are not already included in the list of over 100 countries entitled to free or reduced duty treatment under various duty preference programs such as GSP, CBI, and the Israeli and Canadian Free Trade Agreements.

In addition, it is important to note that hearings conducted by the Office of the U.S. Trade Representative in 1989, preceding the latest Uruguay Round negotiating sessions, only produced support for the complete elimination of U.S tariffs on dolls and toys. No opposing views were raised during the year long series of hearings and numerous opportunities for input from domestic industry.

Since it is acknowledged that no significant domestic industry exists, this Bill suspending duties on unstuffed dolls would be of substantial benefit to U.S. consumers without harming any U.S. companies that are manufacturing dolls in the United States.

Today, despite the shift of production jobs to low-wage countries, there remain thousands of U.S. jobs in the toy industry, most of which are inextricably linked to importing operations. These jobs include design, engineering, packaging, marketing, sales, finance, accounting, warehousing, distribution, cargo transportation and handling, customs brokerage and production scheduling. The success of Mattel and most other U.S. companies depends on this integration between their U.S. and offshore operations. The ITC has confirmed this trend whereby the domestic companies have become less manufacturing oriented, and more import, distribution, and marketing oriented during the last decade. See ITC Report to the President on Investigation Nos. TA-503(a)-20 and 332-290, supra.

Another important reason for the passage of H.R. 2004 is that Mattel, Inc. and many other importers of dolls are having many time-consuming discussions with the U.S. Customs Service regarding the classification of stuffed dolls, on which the duty has been temporarily suspended. If the dolls are re-classified by Customs as unstuffed, they are dutiable at 12% ad valorem, except when imported from a GSP beneficiary developing country. These determinations by Customs of whether a doll should be classified as stuffed or unstuffed have become so technical and subjective that it is making it impossible even for designers, engineers, and corporate executives to predict what the tariff classification of their own dolls will be, thus leading to considerable extra expense and delays in finalizing production schedules. Enactment of this Bill would eliminate the difference in duty between stuffed and unstuffed dolls imported from countries not entitled to duty-free treatment under the GSP. This would greatly reduce the excessive work by Customs and the trade involved in determining the tariff classification of each new doll imported from non-beneficiary developing countries.

Currently, Europe, Canada, and Australia do not differentiate between stuffed and unstuffed dolls for purposes of duty assessment. Thus, by suspending the duties on dolls other than those stuffed, the United States would conform to the practice of its major trading partners.

Concerning the potential loss of revenue resulting from this duty suspension bill, while it is true that the duties collected on imports under Subheadings 9502.10.40 and 9502.10.80 for 1990 were significant, these figures will be substantially lower in 1991 because both of these Subheadings became GSP eligible in late 1990, for the first time in the history of the GSP program. Thus, the full impact of President Bush's decision to extend duty-free treatment for unstuffed dolls from GSP beneficiary countries will not be realized until 1991, when we can expect to see duties collected under these two Subheadings diminish considerably as U.S. toy importers undoubtedly begin to shift their sourcing to GSP beneficiary countries to obtain the benefit of duty-free treatment on their imported dolls. This trend, and the resulting loss in revenues, was anticipated when President Bush made his decision to extend GSP eligibility to these two Subheadings. Therefore, U.S. trade policy carried out in August 1990 concerning the granting of GSP eligibility to unstuffed dolls clearly assumed there would be a decrease in revenues from these two Subheadings in 1991 and beyond.

For the foregoing reasons, we urge that the Committee on Ways and Means favorably report H.R. 2004 for enactment by the Congress.

Serko & Simon
Counsellors at Law
Customs & International Trade Law

One World Trade Center . Suite 3371
New York, N. Y. 10048 . 212-775-0055
Telex: 426816 Trade Cable: Trade Attys
Facsimile: 212-839-9103

Branch Offices:

Washington, D.C.
Atlanta, Georgia
Old San Juan, P.R.
Taipei, Taiwan

New York - June 11, 1991

Committee on Ways & Means
U. S. House of Representatives
Room 1102
Longworth House Office Bldg.
Washington, DC 20515

Attention: Robert J. Leonard, Esq.
Chief Counsel

Re: Comments on H.R. 2004 to Suspend Temporarily the Duty on Unstuffed Dolls

Dear Mr. Leonard:

On behalf of our client, Russ Berrie & Company, Inc. (Russ Berrie) of Oakland, New Jersey and its subsidiary Effanbee Doll Company, we are writing in support of H.R. 2004 introduced by Congressman Mel Levine. This bill would temporarily suspend duty on unstuffed dolls currently classified under HTSUS subheadings 9502.10.40 and 9502.10.80.

Russ Berrie & Company, Inc. designs and markets a vast selection of impulse gifts to retail stores in the United States and many countries throughout the world. The Company's extensive line of over 10,000 products encompasses both everyday and seasonal gift items, including stuffed animals, ceramic mugs, porcelain gifts, picture frames, gift bags, greeting cards, imitation jewelry, figurines, keyrings, magnets, school and stationery merchandise, trolls, collectible dolls and National Football League and Major League Baseball merchandise. These popularly priced products are manufactured for the Company by independent contractors.

The Company employs approximately 2600 men and women worldwide, including a house sales force that numbered more than 800 at the beginning of 1991. A diverse customer base includes more than 100,000 retail outlets such as card and gift stores, florists, pharmacies, party shops and stationery stores, as well as hotel, airport and hospital gift shops. Six distribution centers in the United States in Oakland, NJ, Cranbury, NJ, Marietta, GA, Grand Prairie, TX, Petaluma, CA and Reynoldsburg, OH, plus one in Canada and another in England, provide strategically located regional facilities to serve customers.

Russ Berrie had 400 employees in this country in 1980 and sales exceeded $34,440,000. The net sales for the year ending December 31, 1990 was $250,579,000. They believe that price stability is important for future growth and profitability.

Unstuffed dolls are currently classified under the HTSUS in subheading 9502.10.40 and 9502.10.80 dutiable at the rate of 12% ad valorem. Prior to the implementation of the HTSUS these unstuffed dolls were classified under the Tariff Schedules of the United States (TSUS) in items 737.1900, 737.2425 and 737.2500.

H.R. 2004 would temporarily suspend the duty for unstuffed dolls, whether or not dressed, entered on or before December 31, 1992.

Unstuffed dolls are produced primarily in the Far East. China and Malaysia are the world's largest producers of unstuffed dolls, and they are the largest suppliers to the U.S. market.

The equipment utilized to make these dolls is cutting machines, sewing machines and decorating equipment depending, of course, upon the materials. The manufacturing costs for unstuffed dolls are usually determined by the cost of raw materials and labor. It is for this reason that most producers of large quantities of this type of product have attempted to manufacture in developing countries where labor costs are much lower than those in the United States. The principal reason for this is the high labor content of unstuffed dolls, as they require substantial sewing and finishing by hand. The granting of duty suspension for unstuffed dolls will result in a more price competitive market and benefit the U.S. consumer. It will have a positive effect on the toy industry by increasing sales and employment. Savings in cost will be passed on to the consumer and will result in increased sales.

Many of the dolls produced for the Effanbee Doll Company require a great amount of detailed work not only in the clothing they wear but also in the individuals or characters they represent. Part of their collection includes figures from the Wizard of Oz, various fairy tales and the "Little Rascals." Dolls from their U.S. Presidents collection and the Eugenia Dukakas collection are limited editions. (Enclosures)

Based on our research at the Department of Commerce, there is no domestic industry information available on unstuffed dolls. We believe that these items are not produced in the U.S. in significant commercial quantities.

The following are the imports-consumption IM 146 value statistics obtained from the U.S. Department of Commerce for the period covering 1989 and 1990. These statistics are for unstuffed dolls.

HTSUS 9502.10.40 and 9502.10.80
Unstuffed Dolls
IM 146 Statistics
1989 and 1990

9502.10.40
Not over 33 CM in height

Dollar Value

U. S. IMPORTS	1989	1990
Mexico	$6,002,766	$9,271,654
Malaysia	29,703,405	37,399,856
China	181,897,905	200,972,297
Hong Kong	12,672,618	4,918,067
Taiwan	12,864,849	7,690,334
Total Imports	$243,141,543	$260,252,208
Total all Countries	$255,445,825	$278,257,374

Most of these unstuffed dolls are relatively inexpensive and are primarily produced in the Far East. The 1989 and 1990 statistics for HTSUS 9502.10.40 show a shift in production from Hong Kong and Taiwan to Malaysia and other underdeveloped nations. This is a positive sign which shows that the lesser developed countries are creating industry which can generate dollars to purchase more American products.

9502.10.80
Over 33CM in height

Dollar Value

U. S. IMPORTS	1989	1990
Germany	$1,391,994	$2,737,988
Spain	3,109,830	3,155,297
Malaysia	1,468,940	1,521,444
China	50,399,766	82,702,971
Taiwan	19,609,780	13,364,286
Total Imports	$75,980,310	$103,481,986
Total All Countries	$84,078,225	$111,084,261

A reduction in duties on these items would allow Russ Berrie and other importers to maintain price stability at a time when falling dollar values in the Far East have caused prices to rise on imported unstuffed dolls. There is a real concern in the industry that continued increases in price could result in reduced sales and a loss of domestic jobs in sales and distribution.

Since there is little or no U.S. production of these items the granting of duty suspension will have no adverse effect upon a United States industry, but it will have a positive effect on the toy industry by increasing sales, employment and profits. Savings in cost are passed on to the consumer and result in increased sales. Increased sales result in increased employment.

Therefore, on behalf of our client Russ Berrie & Company, Inc., we strongly urge favorable consideration by the Ways & Means Committee of this bill to temporarily suspend the duty for unstuffed dolls.

We respectfully request an opportunity to appear at any scheduled hearing for H.R. 2004.

Thank you for your consideration of our request.

Sincerely,

SERKO & SIMON

Joel K. Simon

Joel K. Simon

JKS/ipk
Enclosures

effanbee®

dolls that touch your heart

1990 Collection

effanbee®
dolls that touch your heart

Since 1910, the name Effanbee has been recognized and respected by all who cherish dolls. From the beginning, the concern of Effanbee's founders was to make dolls for children to enjoy. Little did they know that in years to come collectors would prize their products. They probably also never realized the special place their company would hold in doll-making history.

Effanbee has enjoyed many famous "firsts" and created dolls whose names still bring a tinge of emotion to all generations. One of our most sought after early dolls was the petulant-looking **Baby Grumpy** *and when, in 1915, it was made available in both black and white versions, Effanbee became the first company to nationally distribute a black doll.*

In 1927, a doll was released that, perhaps more than any other, came to represent the name Effanbee — **Patsy**. *Patsy was the first doll to closely resemble a real child . . . the first to be given additional clothes and accessories . . . the first to be given a family of companion dolls . . . and the first to be given a boyfriend.*

In more recent times, the company began grouping dolls in theme collections. From this concept came the International Collection, the Storybook Collection, the Legend Series of celebrity collectibles, and the Presidents series.

Today, the designs of the past carry on, touched with a modern elegance. Effanbee dolls are enchanting keepsakes to be passed down through generations; tomorrow's heirlooms available today.

Each of our dolls is crafted with a combination of high quality and careful attention to detail. From fine baby dolls with continued play value to collectibles that highlight fond memories, Effanbee dolls are truly "dolls that touch your heart."

As we begin our 10th decade of operation, we remain committed to the tradition of quality and service that has made us a leader in our industry. It is in this spirit that we present our newest collection of unique dolls and handcrafted plush. We are sure you will agree that it is a collection that lives up to our reputation of being "the Finest and the Best."

Sheldon H. Bernstein
President
Effanbee Doll Company

Wizard of Oz Collection

FB1157
Tin Man

Effanbee once again brings Dorothy and her friends right out of the pages of this beloved story with the return of the Wizard of Oz Collection. A sure delight for doll collectors and Oz fanciers, it is a collection that is certain to capture the imaginations of children and collectors alike.

Charming 3¾" Toto, made of ceramic, is the newest addition to this popular 10 piece group based on the original storybook characters.

All dolls are 11" tall, except for the Munchkins, of course, who stand only 9". Made of vinyl, each doll has jointed arms, legs and a moveable head. These bright-eyed characters all have moving eyes, except for the omnipotent Wizard whose eyes are painted.

FB1169
Wicked Witch
FB1172
Good Witch

[illegible]

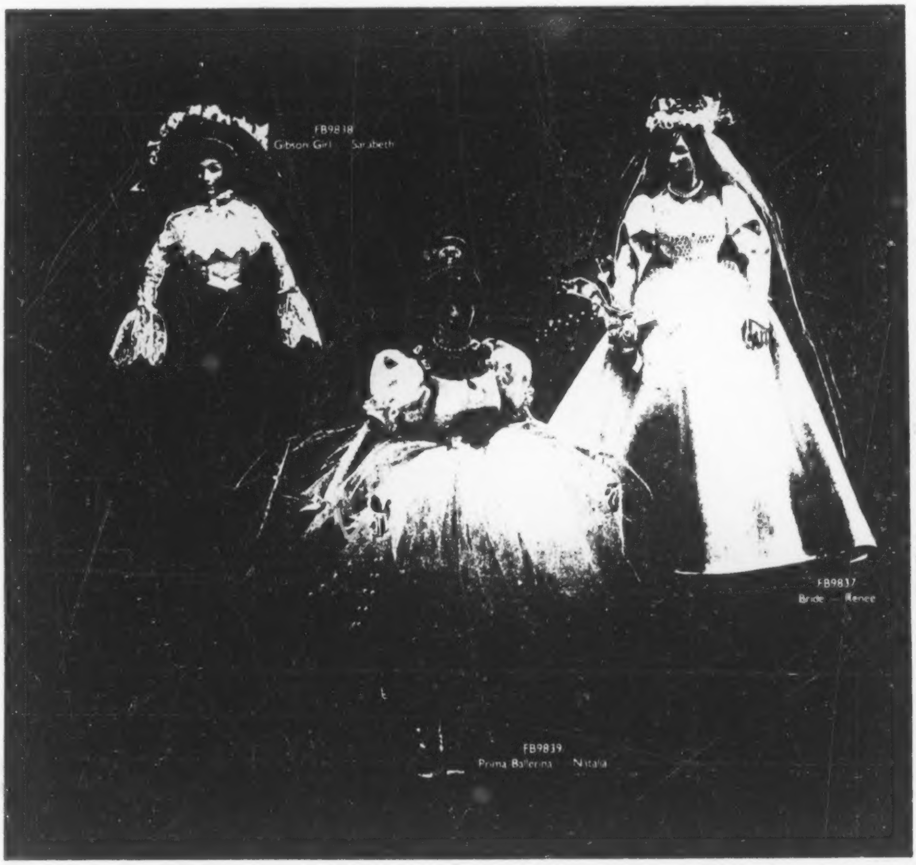
Eugenia Dukas Collection™

his stunning new collection, created by Eugenia Dukas, renowned doll designer for over 40 years, exemplifies the beauty, grace, and quality of fine porcelain dolls. Effanbee presents an all new collection for 1990.

Each lovely lady stands 18" tall and models a magnificently detailed dress. Accessorized with pearls, flowers and hats, these ladies are sure to attract attention.

The dolls are finely crafted with porcelain arms, legs, and faces. Their eyes are carefully painted and a soft pink coloring accents their pretty faces.

Each doll comes with a display stand and a Certificate of Authenticity. Each also has a hangtag individually signed by Eugenia Dukas. The dolls are limited to 750 pieces each.



Fabrics may vary from those shown

The Little Rascals™

Anyone who has ever loved the mischievous exploits of the "Little Rascals" will be delighted as Alfalfa and Petey join the already popular Spanky and Buckwheat.

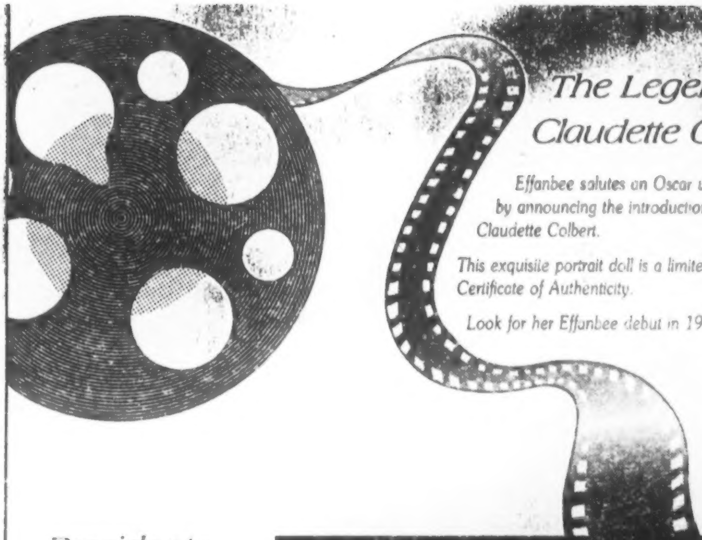
Each 11½" "Little Rascals" is made of vinyl, with moveable arms, legs, and head. Petey the dog is crafted of ceramic and stands 4¼".

In 1989, Spanky was nominated for **Doll Reader Magazine's** Annual Doll of the Year Award (DOTY). Both he and Buckwheat were nominated by **Dolls Magazine** for their 1989 Award of Excellence.

FB1131
Buckwheat
FB1335
Petey
FB1336
Alfalfa
FB1031
Spanky
24

©1989 King World Merchandising, Inc

Fabrics may vary from those shown



The Legend Series™
Claudette Colbert

Effanbee salutes an Oscar winning star of screen and theater by announcing the introduction of the 1990 Legend doll, Claudette Colbert.

This exquisite portrait doll is a limited edition and comes with a Certificate of Authenticity.

Look for her Effanbee debut in 1990 . . .

Presidents Collection™

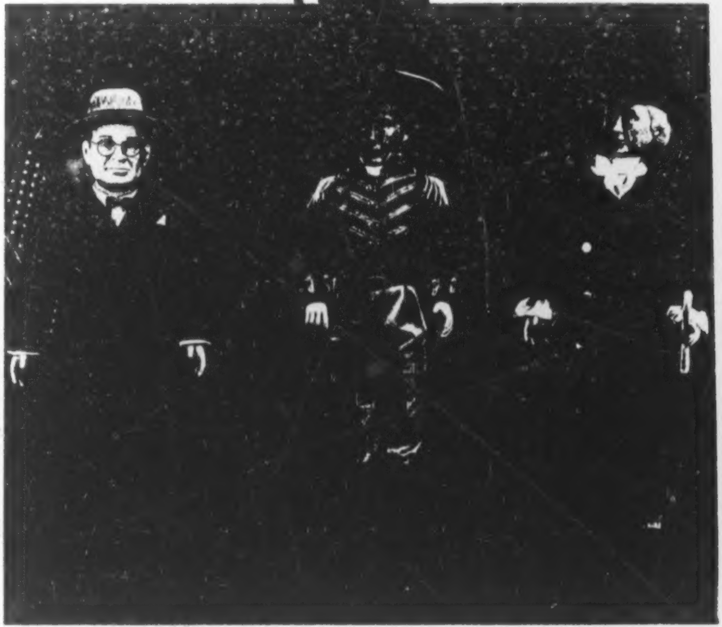
Once again, Effanbee salutes some of our nation's most famous leaders.

A great military hero of his time and a man of action was our 7th President, Andrew Jackson. Jackson joins Presidents Harry S. Truman and Thomas Jefferson as the newest member of the Presidents Collection™.

These 16" Presidents are vinyl with molded hair and painted eyes. Each has fully-jointed arms, legs, and head.

All are authentically costumed and are limited editions. A Certificate of Authenticity is included with each.

The Thomas Jefferson doll was a 1989 nominee for the **Dolls Magazine** Award of Excellence.



Fabrics may vary from those shown.

World Doll, Inc.

June 11, 1991

Mr. Robert J. Leonard, Chief Councel
COMMITTEE ON WAYS and MEANS
U. S. HOUSE OF REPRESENTATIVES
Room 1102
Longworth House Office Building
Washington, D. C. 20515

RE: BILL H.R. 2004

Dear Mr. Leonard:

This is in reference to your Bill No. H.R. 2004 calling for suspension of duty on non-stuffed dolls.

We manufacture our dolls domestically and have been supplying department stores and retail toy stores for the past 11 years. Since there have been so many imported dolls flooding the market, we have been struggling more and more each year to maintain our position all over the country. It has been a difficult task indeed and, as a result, retail business has not been "up to par."

In view of the above, we are extremely opposed to the passage of this bill and cannot emphasize our opposition strongly enough!

Please keep in mind we are AMERICANS FIRST and we must protect ourselves in any way we can.....so, again, we urge you NOT to suspend duty on non-stuffed dolls.

Very truly yours,

WORLD DOLL

Arline Alfieri

aa/a

Arline Alfieri
Vice-President, Sales

Sales Office & Showroom: 1107 Broadway • New York, New York 10010 • 212-675-8020 • FAX. 212-633-1012
Office & Plant: 47 Stewart Avenue • Brooklyn, New York 11237 • 718-788-1313

H.R. 2006

To suspend temporarily the duty on Bis-(aminophenoxyphenyl) propane

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See Monsanto Co. under H.R. 1831

H.R. 2013

To extend until January 1, 1995, the existing suspension of duty on certain chemicals

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CLEARY, GOTTLIEB, STEEN & HAMILTON
1752 N STREET, N.W. WASHINGTON, D.C. 20036-2806
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75008 PARIS

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1040 BRUSSELS

99 BISHOPSGATE
LONDON EC2M 3YL

GEORGE W. BALL
ROBERT C. BARNARD
FRED S. TURNAGE
COUNSEL

ULMENSTRASSE 37-39
6000 FRANKFURT AM MAIN

BANK OF CHINA TOWER
ONE GARDEN ROAD
HONG KONG

SHIN KASUMIGASEKI BUILDING
3-2, KASUMIGASEKI 3-CHOME
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RESIDENT PARTNERS

JOHN S. FINNERAN, JR
W. RICHARD BIDSTRUP

SPECIAL COUNSEL

JOHN M. BREDEHOFT
MATTHEW D. SLATER
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ELIZABETH M. BURKE*
JEFFREY P. MAHNON*
THOMAS M. BOYLE*
CONSTANCE B. HIGGINS*
JENNIFER M. LESTER*

*NOT ADMITTED IN THE DISTRICT OF COLUMBIA

May 23, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102
Longworth House Office Building
Washington, D.C. 20515

Re: H.R. 2013

Dear Mr. Leonard:

Crompton & Knowles Corporation through counsel hereby expresses its support of H.R. 2013, to extend the existing suspensions of duty on certain dye intermediates. Crompton & Knowles is a U.S. owned corporation principally involved in the manufacture of dyestuffs. To produce many of these dyes, Crompton & Knowles must still purchase from foreign sources the intermediates identified in H.R. 2013.

The circumstances obtaining at the time the Congress first suspended the duty on the dye intermediates listed in H.R. 2013 remain in effect. If you have any questions or require any additional information, please contact me at (202) 728-2801.

Yours sincerely,

Walter B. Smith II
Legislative Assistant

H.R. 2036

To provide for the reliquidation of certain entries of rock wool manufacturing machines and mechanical appliances and parts thereof

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STATEMENT IN SUPPORT OF H.R. 2036

GRUNFELD, DESIDERIO, LEBOWITZ & SILVERMAN
ON BEHALF OF PARTEK INSULATIONS, INC.
June 11, 1991

This statement is submitted on behalf of Partek Insulations, Inc. ("Partek") by Jonathan M. Fee of the law firm of Grunfeld, Desiderio, Lebowitz & Silverman in support of H.R. 2036.

H.R. 2036 will provide for the reliquidation of 17 entries of certain rock wool manufacturing machines and mechanical appliances and parts thereof imported by Partek from Sweden, and for the refund with interest of duties paid by Partek with respect to those entries. Each of these entries was made at the port of Charleston, South Carolina, and each entry has been protested by Partek pending the adoption of legislation providing for the refund. Duties to be refunded under the bill total $218,444.63.

The imported equipment was used to outfit a new rock wool manufacturing plant in Phenix City, Russell County, Alabama. Partek used foreign sources because the necessary equipment could not be purchased domestically. Specifications for the plant otherwise called for the use of materials and equipment of U.S. origin wherever possible.

Partek is the first major manufacturer to locate in Russell County in 15 years. The new plant will ultimately provide up to 200 new jobs. Partek's payroll ($3.9 million for 1991 and planned for $5 million annually) and other local payments have a multiplier effect in Russell County by generating additional local retail and other business expenditures. H.R. 2036 will allow Partek to redirect refunded duties to operating and capital expenditures, indirectly benefiting the Phenix City community.

Partek provides progressive rates of pay and benefit programs, and has established a program of local civic and educational contributions. The company is an established, responsible corporate citizen, producing a U.S.-made product and providing American jobs. Under these circumstances, H.R. 2036 is an appropriate legislative measure.

Additional background information about Partek's business, its contribution to the community, and its imported equipment is set forth below.

Description of Partek's Business, Product and Facility

Partek is an Alabama corporation incorporated on August 8, 1988. It is affiliated as a subsidiary with a group of corporations owned and controlled by Partek O.Y., a public, stockholder-owned company headquartered in Helsinki, Finland.[1] Unlike many United States subsidiaries of foreign companies, Partek is an autonomous operation subject to minimal management restrictions.

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[1] The principal business of the parent company and its affiliates is the manufacture and sale of rock wool. European operations also include the mining and processing of raw materials and the development and manufacture of highly specialized machines and equipment necessary for the production of rock wool. The Finnish government has no ownership interest in Partek's parent company, nor does it subsidize the parent company's business.

Partek's sole business is the manufacture and sale of rock wool and rock wool products. Rock wool is a fibrous material formed by melting and spinning certain types of rock, including a volcanic rock known as basalt. It is often felted to form boards or molded to other shapes and used as heat or sound insulation.[2] It can also be converted to granular form and mixed with peat moss and nutrients to form a growing medium for agricultural and horticultural use.[3] Partek makes both the insulation and the agricultural products at its Phenix City plant.

Partek sells its insulation product in the United States under the trademark "Partek," and sells its agricultural growing medium under the trademark "Pargro." Estimated sales for each year after the plant achieves full production capacity and efficiency are $20 million for the Partek insulation product and $10 million for the Pargro agricultural product.

Partek's Phenix City facility consists of a 105-acre site in the City's existing 151-acre industrial park, on which Partek has constructed a 200,000 square foot plant and a 5,000 square foot general office building. The plant is divided into a 135,000 square foot manufacturing space and a 65,000 warehouse and distribution space. Adjacent to the plant is a complex of unloading and storage facilities for incoming raw materials and a materials handling structure used to load raw materials into the plant for processing. Construction began in late 1988 and was substantially completed in January 1990. Partek began production of rock wool in early 1990.

The total cost of the acquisition and construction of Partek's facility, including the cost of machinery and equipment, was approximately $46 million. Of this total, $26 million has been funded with industrial revenue bond debt;[4] the remaining $20 million represents a net cash investment that has been internally funded by the foreign parent.

Specifications for the construction and installation of the plant call for the use of U.S-made materials and equipment wherever possible. Accordingly, Partek has purchased and installed equipment of U.S. origin for production and packaging of its growing medium product. This equipment includes a conveyor system used to transport the finished rock wool to and through the portion of the plant devoted to this function; machinery that converts rock wool to a granular form; separating equipment that removes unwanted globular particles; mixing equipment that adds measured amounts of peat moss and nutrients to the granular rock wool; and packaging machinery.

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[2] As insulation, rock wool indirectly competes with fiberglass and calcium silicate. It is more expensive and has a greater heat tolerance than fiberglass; and it is therefore used more often than fiberglass in industrial installations or in fire walls. Calcium silicate requires the incorporation of asbestos when formed as insulation material and, although its heat insulation properties closely resemble those of rock wool, its use is limited because of the health hazard attributable to the asbestos.

[3] As a growing medium, rock wool also competes with vermiculite, a mica-based, water absorbent, granular substance often used as either a growing medium or a mulch.

[4] The bonds are industrial revenue bonds in the principal amount of $26 million, due December 1, 2008, bearing interest at a variable rate, issued by the Phenix City Industrial Development Authority (the "Authority"). The Authority is a state entity created by the legislature for the purpose of facilitating industrial development and employment opportunities in Phenix City, Alabama. Technical legal title to the facility, including the equipment, is held by the Authority, and is encumbered under the terms of a Trust Indenture as security for payment of the bonds. The Authority leases the facility to Partek. The lease provides for rental payments in amounts necessary to service principal and interest on the bonds. When the bonds are fully paid, title will revert to Partek under option provisions of the lease. The bonds are not an obligation or indebtedness of the Authority, the State, the City or the County.

The basic raw materials used in Partek's production of rock wool are basalt (the volcanic rock that is melted and spun to form the product), limestone (used as a flux to control the melting of the basalt) and coke (the fuel used as the ignition source in the melting process). Basalt is purchased from quarrying operations in the United States.[5] Limestone and coke are purchased from various Alabama suppliers of these products situated in the Birmingham area.

Employment Practices, Payroll and Employees

More than 100 persons are presently employed at Partek's new plant. Partek will hire and train approximately 40 additional employees by the end of 1991.[6] Eventually, Partek will employ about 200 persons, making it the sixth largest employer in Russell County.

Production employees are highly skilled, comparable in training and job requirements to chemical and steel workers. Partek believes its pay scale for production employees equals or exceeds that of any other major employer in Russell County. Partek provides free medical and dental insurance coverage for all employees, including production workers. All employees are also eligible to participate in a 401K savings plan.[7]

Partek pays production workers on a salary system rather than an hourly wage system (with appropriate allowances for non-exempt employees for overtime and holiday pay under federal and state labor laws). The plant does not have time clocks, and there is no piece rate or similar pay system. These and other progressive employment practices are designed to foster team spirit, creativity and high quality performance without traditional, overly restrictive workplace rules and policies.

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[5] Partek's largest single source of basalt is a quarry operated by Martin Marietta Corporation in South Carolina. However, Partek believes there are substantial, undeveloped deposits of basalt in northern Alabama. These deposits may provide an additional source of raw materials in the future.

[6] Partek has established a joint pre-employment screening and training program with the Alabama Department of Labor under the Alabama Industrial Development Training Program. Under this program, the State has set up mobile classroom facilities at the plant site. All potential employees receive information about Partek and job requirements in a classroom setting at the same time that they are being screened for educational background, experience and basic skills. The program thus provides an interim period during which the employer and employee can become acquainted before either is committed to an employment relationship.

[7] The plan permits the employee to contribute up to 15% of his pay on a pre-tax basis to a qualified trust and to choose between various investment options within the trust. The first 5% of his contributions are 100% matched by Partek. Taxes are deferred on contributions and investment earnings until distribution to the employee upon retirement, permanent disability, termination of employment or the occurrence of certain other events permitted in such plans under the applicable provisions of the Internal Revenue Code.

Community Involvement and Environmental Concerns

Partek has adopted the view that it is a corporate citizen with responsibilities to its community. Since 1989 it has sponsored and paid expenses each year for two area high school students' participation in a ten-day, annual American Management Association seminar on American business. It has also funded two $2,500 tuition scholarships each year for area high school graduates and sponsors an annual high school science fair. The City's 240-acre park and recreation center has received $10,000 in grants from Partek each year since 1989, and Partek has pledged future contributions to the park of $10,000 per year.

The Phenix City plant is subject to state and federal environmental protection laws. Partek has received all permits necessary under these laws for its manufacturing activities.[8] Water used for cooling purposes is recycled in a closed system. Partek thus releases no contaminants or industrial waste into the City's sewer system, the Chattahoochee River or any other of the area's water resources.

Phenix City Community

Phenix City is located in Russell County in east central Alabama on the west bank of the Chattahoochee River, which forms the border between Alabama and Georgia. The river separates Phenix City from Columbus, Georgia, the second largest city in Georgia, and from the U.S. Army's Fort Benning, which also extends across the river into Alabama and borders Phenix City to the south. Phenix City's population is approximately 27,000; Russell County's population is approximately 49,000.

Columbus, Georgia, overshadows Phenix City in population and economic and industrial development. Many residents of Phenix City and Russell County are employed in Georgia, and Georgia businesses draw retail and commercial spending from Phenix City and Russell County.[9] With the single exception of Partek, no major manufacturing employer has located in Phenix City in 15 years.[10] Partek believes that its example may spur further development in Phenix City, and that its payroll and other local expenditures will have a significant multiplier effect in the local business community as its dollars are "re-spent" several times in local retail and other commercial establishments.

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[8] Atmospheric discharge is generated by the controlled ignition of coke in the cupola used to melt the rock raw material, and by the separate incineration of combustible waste left over from the controlled ignition process. This discharge consists primarily of carbon dioxide and water vapor, plus small amounts of sulfur dioxide within established regulatory limits.

[9] There are, for example, no automobile dealerships in Phenix City. The City has enjoyed some recent commercial development, however, highlighted by the establishment in Phenix City in 1988 of a Wal-Mart store. Other promising commercial and industrial development is being considered, encouraged in large part by the efforts of the city and county governments and the Phenix City Chamber of Commerce.

Partek has received support for H.R. 2036 from the city government (contact: Mayor H. S. "Sonny" Coulter) and the Phenix City Chamber of Commerce (contact: Mr. Henry Huerkamp, Executive Vice President). Moreover, the Chamber of Commerce has furnished a unanimous resolution of its Board of Directors in support of the legislation.

Imported Equipment

The equipment for which Partek seeks duty refunds has been purchased from Jungers Verkstads A.B., a Swedish corporation that is part of the group of affiliated companies controlled by Partek O.Y. of Finland. It is divided into two general categories: equipment that makes the rock wool and equipment that shapes the rock wool into insulation products.[11]

The first category of imported equipment includes a cupola, an incineration and exhaust system, and spinning equipment. The cupola is a sophisticated furnace. It is loaded with basalt, limestone and coke by the plant's external materials handling structure. The coke is ignited and a computer driven valve system feeds oxygen-enriched air to the mixture to achieve an ideal, constant rate of combustion at a constant temperature. This controlled burning leaves a combustible waste that is periodically fed to the incineration and exhaust system for disposal.

Molten basalt is fed from the bottom of the cupola into the spinning equipment, which spins the substance into its fibrous state. The spun product is partially cooled and then processed further into growing medium or insulation products.

Some of the loose rock wool is diverted at this stage to a production line that simply grinds the wool into a pulverized state. Unlike the other equipment in the plant, this line of equipment was available in the United States and was purchased by Partek from U.S. suppliers. Some of the wool is then bagged or baled, also with equipment of U.S. origin, for sale to other manufacturers of insulation products.[12] Other equipment of U.S. origin mixes pulverized wool with peat moss and nutrients, and bags or bales the mixture for sale as a growing medium product.

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[10] Five manufacturing firms employ more than 200 persons in Russell County. They are: Fieldcrest Mills (towels and washcloths), Southern Phenix Textiles (industrial textiles), Mead Coated Board (kraft paper products), Opelika Industries (towels, washcloths and kitchen products) and Bickerstaff Clay Products (face brick).

[11] As indicated below, a third category of equipment converts the rock wool into a pulverized form, either for resale to other makers of insulation products or for further processing into a growing medium product. Unlike the other categories, this equipment was available in the United States and was purchased from U.S. suppliers.

[12] Purchasers of loose wool include, for example, manufacturers of ceiling tiles, who incorporate rock wool in their products for its heat and sound insulation properties.

The second category of imported equipment is used for making insulation products. This equipment consists of a pendulum spreader, a curing oven and rolling and compressing machines. The pendulum spreader utilizes a reciprocating motion to feed layers of cooled rock wool onto a continuously moving bed. The wool then moves either to the curing oven or to the rolling and compressing machines.

The curing oven cures the rock wool with a plastic resin,[13] and simultaneously compresses the rock wool into a matted, bonded material. This flat, bonded product is then cut to various sizes and packaged and sold by Partek as insulation material.

The rolling and compressing equipment converts rock wool into molded, finished shapes for specific uses. Partek will ultimately install four separate production lines of this equipment; only three are installed at present. Most of the products produced by this equipment are tubular sleeves of compressed rock wool, slit from end to end, used to encase and insulate high temperature pipes in industrial applications.

All the imported equipment incorporates technology developed by Jungers Verkstads A.B. to meet the needs of the affiliated companies. It includes various support machines and composes a single, coordinated system that converts raw materials into finished products in a continuous, uninterrupted process. Each step of the process and each machine is unique to Partek and its affiliates. Each involves proprietary engineering features that Partek and its European affiliates consider to be highly confidential trade secrets. It was therefore impossible to purchase any of this equipment from U.S. suppliers.

Virtually all of the imported equipment has already been imported into the United States and has been installed in the Phenix City plant. Partek has paid estimated duties with respect to all the entered equipment, subject to liquidation of entries under Section 501 of the Tariff Act of 1930, as amended. As each entry was liquidated, Partek protested assessment of duties and requested extensions of liquidation pending the consideration of legislation.

The total value of all the imported equipment is approximately $13 million.

H.R. 2036

H.R. 2036 will provide for the reliquidation of 17 entries of Partek's equipment, and refunds, with interest, of duties paid by Partek with respect to those entries.

Partek believes that special legislation is appropriate in this instance because the duty savings will enable it to provide significant benefits to its community by redirecting funds into the local economy. This redirection of funds represents additional spending in the community by Partek in the form of payroll, purchases of goods and services, capital investment and educational and civic contributions. Further, indirect benefits will accrue to the community to the extent that the redirected funds permit Partek to quicken the pace of its business development by adding more jobs, production and sales.

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[13] The resin used for this purpose is made from melamine (a heat resistant plastic also known as cyanuramide) and formaldehyde. It gives the rock wool additional heat and water resistant properties.

Partek has already made commitments that it believes further justify the requested duty-free treatment. The plant is virtually complete, and most of the equipment has already been imported and installed. Most importantly, the hiring process and expenditures in the community have already commenced. This is a credible, committed corporate citizen, deserving of the benefits of H.R. 2036.

H.R. 2036 only provides refunds with respect to specific, past entries. It will therefore neither act as a disincentive to the production of rock wool manufacturing equipment in the United States in the future, nor compromise U.S. trade negotiators' leverage in international negotiations.

Conclusion

H.R. 2036 will provide duty refunds to Partek, a company that is providing new jobs in the Phenix City area in connection with equipment that was unavailable in the United States. Refunded duties will be redirected to capital and operating expenditures benefitting the community. The bill will help the continued expansion of Partek's business and will thus help the Phenix City and Russell County economy. Congress is urged to adopt H.R. 2036 in the present legislative session.

H.R. 2044

To extend until January 1, 1995, the existing suspension of duty on m-Toluic acid

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Witco
Argus Division
Witco Corporation, P.O. Box 310, Hahnville, LA 70057 Telephone 504-783-6201

June 7, 1991

The Honorable Sam Gibbons
House Ways & Means Committee
U. S. House of Representatives
Washington, D.C. 201515

Dear Representative Gibbons:

Witco Corporation opposes H.R. Bill 2044, the suspension of the tariff on Meta Toluic Acid.

We have spent approximately one million dollars constructing a plant in Taft, Louisiana to produce Meta Toluic Acid, and would like the tariff to remain in place.

Regards,

Joseph R Daley

Joseph R. Daley
V. P. Manufacturing
& Engineering

JRD/lm

H.R. 2050

To suspend for a 3-year period the duty on ofloxacin

Statement of Johnson & Johnson
to the Committee on Ways and Means
in Favor of H.R. 2050

I. Background

A. Johnson & Johnson

Johnson & Johnson, with over 82,000 employees, is the world's largest and most comprehensive manufacturer of health care products serving the consumer, pharmaceutical and professional markets. Based in New Brunswick, N.J., Johnson & Johnson has 172 operating companies in 54 countries around the world, selling products in more than 150 countries.

Two of its pharmaceutical subsidiaries, Ortho Pharmaceutical Corp. and McNeil Pharmaceutical, recently entered into the highly competitive field of antibiotics with a new, broad spectrum, oral anti-microbial called Floxin®.

These Johnson & Johnson companies have made a significant commitment to the field of antibiotic research and development. We intend to follow the introduction of Floxin® with future advances in the area of infectious disease.

B. The Product

Floxin® (ofloxacin) is a new potent, broad-spectrum, synthetic, oral antibiotic co-marketed by Ortho Pharmaceutical Corporation and McNeil Pharmaceutical, two Johnson & Johnson subsidiaries. Floxin®, a patent-protected product, was licensed from its originator, Daiichi Pharmaceutical Co., Ltd., of Tokyo, Japan. Floxin® tablets received FDA approval on December 28, 1990, and was made available for physician prescriptions in February, 1991.

Floxin® belongs to an important new class of antibiotics called the fluoroquinolones. These new antibiotics combat a wider range of organisms and are well tolerated. In the fight against infectious disease, Floxin® represents one of the newest, and most potent oral drugs available to physicians. Floxin® is delivered orally and is nearly 100 percent bioavailable. Floxin®, therefore, offers health care providers a cost-effective alternative to other potent, hospital-administered intravenous antibiotics.

In the area of sexually transmitted diseases, Floxin® is the first single product to be approved for the treatment of both gonorrhea and chlamydia, co-existing conditions in about fifty percent of gonorrhea patient cases. Floxin® also provides excellent coverage of a wide variety of lower respiratory tract infections, including such newly emerging organisms as Chlamydia pneumonia. It also provides excellent coverage of skin and skin structure infections and is the first new product to be approved by the FDA in 17 years for the treatment of prostatitis. In the four months it has been on the market, Floxin® has gained wide acceptance among physicians, and has been added to the pharmaceutical formularies of over 170 major medical institutions around the country.

The bulk active ingredient for Floxin®, ofloxacin, is imported to the U.S. in powder form from Daiichi Pharmaceutical Co., the sole source of this material. It is then formulated into various dosage forms, packaged, and distributed to the marketplace.

III. Benefits of Duty Suspension

With its broad spectrum, high potency and virtually complete bioavailability, Floxin® represents a therapeutic advance for previously difficult-to-treat infections. In particular infections, such as sexually transmitted diseases, Floxin® offers unique characteristics that represent significant benefits to both the patient and the health care system.

The success of any new pharmaceutical, particularly those in the highly competitive antibiotic market, depends upon competitive advantages. Outside of therapeutic advantages, cost advantages play a critical role in drug usage. Drug pricing is impacted by cost containment efforts on one end and spiraling costs associated with research, development, manufacture and distribution on the other end. Floxin® must remain competitively priced, while continuing to fund the research and development that ensures other breakthrough medical advances. In addition, this product also provides manufacturing jobs in both New Jersey and Pennsylvania.

To ensure a "level playing field" with its competitors in the quinolone antibiotic market, Johnson & Johnson is seeking the same temporary suspension of import duties accorded Miles Inc, manufacturers of Ciprofloxacin, and Merck & Co., manufacturers of Norfloxacin, in last year's Customs and Trade Act of 1990 (PL 101-382). Such temporary relief will allow this important new antibiotic to gain acceptance and use, thereby benefitting the thousands of patients for whom Floxin® is the ideal therapy.

H.R. 2057

To suspend temporarily the duty on zinc powder

No comments submitted.

H.R. 2060

To suspend temporarily the duties on certain chemicals

Statement of Polaroid Corporation to the Subcommittee on Trade in Favor of Enactment of H.R. 2060

My name is Matthew T. McGrath. I am a member of the firm of Barnes, Richardson & Colburn, 1819 H Street, N.W., Washington, D.C. I represent Polaroid Corporation on whose behalf I am submitting the following statement in support of enactment of H.R. 2060, a bill to suspend temporarily the duties on certain instant print film developing chemicals.

This statement is provided on behalf of the Polaroid Corporation in support of proposed legislation to provide a temporary duty suspension for imports of three chemicals used exclusively by Polaroid in the manufacture of instant print film products. The enactment of legislation to suspend duties on these three chemicals will correct an anomaly which has resulted from a change in U.S. Customs Service classification treatment of these chemicals, returning their tariff treatment to the status quo existing prior to this reinterpretation by Customs, and preventing disruption in Polaroid's production and planning with respect to the products utilizing these chemicals.

POLAROID CORPORATION

Polaroid is a major U.S.-based company, engaged principally in the production and distribution of consumer and industrial photography equipment and film. The company has approximately 10,000 employees in the United States, almost entirely at facilities in Massachusetts. The company markets approximately one hundred imaging systems and forty types of film, and sells its products around the world.

Polaroid has become a leading manufacturer of technical and industrial photographic equipment - equipment used in fields such as medicine, engineering, manufacturing, identification systems, and scientific research. Polaroid's well-known consumer lines of instant photography equipment and film have served as a basis for the company's ambitious efforts to reposition and reaffirm its capabilities in the marketplace, and to expand its efforts in the industrial, medical, and other fields.

The company's production and sales of instant print film require the utilization of hundreds of both commodity chemicals and specialized, proprietary chemicals, produced both in the United States and by various foreign manufacturers. Polaroid's access to these products at prices which maintain the economies of its U.S. manufacturing base is critical.

THE PHOTOGRAPHIC COLOR CHEMICALS AT ISSUE

The three chemicals which are the subject of this request are not made in the United States and are imported exclusively for purchase by Polaroid to be used as photographic color couplers to produce patented dyes for Polaroid's instant color film. These chemicals are:

(1) ODEC, described chemically as 1-hydroxy-6-octadecyloxy-2-naphthalenecarboxylic acid (C.A.S. 38134-94-0), classified by Customs as "other carboxylic acids", under subheading 2918.90.45 of the Harmonized Tariff Schedules of the United States;

(2) Londec, described chemically as 1-hydroxy-6-docosyloxy-2-naphthalenecarboxylic acid, also classified by Customs as a carboxylic acid under HTSUS 2918.90.45;

(3) Sulfoxan, described chemically as 7-(Hexadecylsulfonylamino) Indole, classified by Customs as a sulfonamide under HTSUS 2935.00.50.

All three of these chemicals are used solely in the production of photographic film; specifically, as chemical couplers which are altered to form dyes, the principal function of which is to absorb a certain spectrum of light and thus preventing a photographic image from becoming overexposed during initial stages of instant photographic development.

These chemicals are produced for Polaroid by Syntex Chemicals Inc., through its related producer Syntex SA, Division Quimica, located in Cuernavaca, Mexico. These particular chemicals are not made in the United States and are imported only by Syntex and consumed only by Polaroid. They are produced under a license and contract for sale to Polaroid, and are patented products. Thus, a duty suspension with respect to these products would have no adverse effect on any U.S. manufacturer, since neither the chemicals themselves nor the patented instant film development systems with which they are made are manufactured by any other company in the United States.

REASONS FOR DUTY SUSPENSION

Until early 1990, these chemicals were being treated by the Customs Service as "color couplers", classifiable under HTSUS 9902.37.07, which permits temporary duty free treatment for a host of such chemicals which would otherwise be classified under various dutiable provisions of the HTSUS. (This provision accords temporary duty free treatment for "photographic color couplers (however provided for in Chapter 29 or in subheading 3707.90.30 or 3707.90.60)"). Polaroid continues to believe that these three chemicals should be so treated, not only because their chemical formulation permits them to be used as color couplers in forming image dyes, but also because they are used solely in the development process incorporated in photographic film in the United States.

The chemicals are used by Polaroid and its facilities in Massachusetts in the manufacture of instant print color film. These facilities employ approximately 3,000 people. These three chemicals are important to the overall success of the instant film business. Furthermore, sales of these chemicals to Polaroid supports its production activities at its plants in Waltham and Freetown, Massachusetts, where film production and chemical formulation occurs.

The continuation of this temporary duty suspension for these three chemicals will help Polaroid generally to continue its program of enhancing price competitiveness in photographic markets, as well as preventing the disruption of film supply and production cost plans. Of course, the company has formulated its film production and sales plans based in part on the previous, long-standing duty free treatment accorded by Customs to imports of these three chemicals. The change in classification treatment, which Polaroid believes to be technically and legally unjustified, nonetheless would result in the assessment of duties of as much as 18% *ad valorem* plus 3.7¢ per kilo on imports of these articles. The continuation of duty free treatment will help Polaroid maintain its competitiveness without harming any U.S. manufacturer.

EFFECTIVE DATE

The treatment proposed by this legislation should be effective with respect to entries or withdrawals from warehouse for consumption on or after January 1, 1990. Prior to that date, the Customs Service had treated such entries as eligible for the temporary duty suspension applicable to photographic color couplers, and the change in such treatment imposed a substantial additional cost on the importer and purchaser of these chemicals. When Customs altered its position on the appropriate classification, the importer undertook to obtain a formal ruling that the three chemicals would continue to be classified under the terms of the temporary duty suspension. However, Customs has continued to classify the chemicals upon entry under the dutiable provisions set forth above. Since Polaroid's production and planning has been based in part upon its reliance on previous customs treatment, and such treatment was changed without advance warning, Polaroid seeks only to be placed in the same position it was in prior to the change in classification treatment.

There is also strong evidence that Congress intended, in the enactment and succession renewals of the duty suspension for color couplers, to include chemicals such as these under the coverage of those suspension provisions. The purpose of that provision, which applies to more than 100 chemicals, was to assist the domestic photographic film industry of which Polaroid is clearly a member. Those suspensions have been unopposed and supported by Polaroid's suppliers in the past.

Because of the circumstances surrounding classification treatment of these chemicals, the enactment of this provision and its retroactive application to entries made on or after December 31, 1988 will have no adverse revenue impact, with respect to either the period before or after the date of enactment.

H.R. 2061

To suspend temporarily the duties on certain instant print cameras

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June 12, 1991

The Honorable Dan Rostenkowski
1102 Longworth House Office Bldg.
Washington, D.C. 20515

Subject: H.R. 2061

Dear Congressman Rostenkowski:

Eastman Kodak Company is a manufacturer, importer and distributor of photographic cameras. Kodak supports the free movement of goods in the international marketplace. We, therefore, would support the suspension of duty on photographic cameras as provided for in Tariff Class 9006.40. We cannot support the temporary suspension of duties on one class of cameras, such as the proposed reduction for instant print cameras, because of the different tariff rates that would then exist for different classes of photographic cameras.

Sincerely,

Robert F. Brothers
Director, Issues Development

RFB:vak

EASTMAN KODAK COMPANY · 343 STATE STREET · ROCHESTER, NEW YORK 14650

Statement of Polaroid Corporation to the Subcommittee on Trade in Favor of Enactment of H.R. 2061

My name is Matthew T. McGrath. I am a member of the firm of Barnes, Richardson & Colburn, 1819 H Street, N.W., Washington, D.C. I represent Polaroid Corporation on whose behalf I am submitting the following statement in support of enactment of H.R. 2061, a bill to suspend temporarily the duties on certain instant print cameras.

This statement is provided on behalf of Polaroid Corporation in support of proposed legislation to provide a temporary tariff suspension for imports of instant print cameras.

Polaroid Corporation

Polaroid is a major U.S.-based company, engaged primarily in the production and distribution of consumer and industrial photographic equipment. The company has approximately 10,000 employees in the United States, mainly at facilities in Massachusetts. Polaroid markets approximately 100 imaging systems and 40 types of film, and sells its products around the world. In 1989, the company had net sales of $1,904 million. Foreign sales amounted to $813 million, or approximately 40 percent of total sales.

Polaroid has been engaged in recent years in a far-reaching and ambitious campaign to reposition and reaffirm the capabilities of instant photography. In addition to its well-known instant cameras for consumers, Polaroid has become a leading manufacturer of technical and industrial photographic equipment -- equipment that is used in fields such as medicine, engineering, manufacturing, identification systems, and scientific research.

Instant Cameras

Instant cameras differ in many respects from other forms of photography; their most distinctive feature is the near-instantaneous development of the film as it is transported through the camera's spread-roll system. The distinct features of instant cameras are such that these cameras are not considered to be like or directly competitive with other forms of photography.

The instant cameras for which a temporary duty suspension is sought are classified under subheadings 9006.40.40 (fixed focus) and 9006.40.90 (other than fixed focus, valued over $10) of the Harmonized Tariff Schedule of the United States, with Column 1 duty rates of 4 percent and 3 percent, respectively.

Benefits of Duty Suspension

Temporary duty suspension legislation will help Polaroid and the Massachusetts communities in which it operates in a number of ways. Moreover, in the broader context of United States competitiveness in world markets, the legislation will help Polaroid to continue to maintain the bulk of its camera manufacturing and assembly operations in the United States.

Most of Polaroid's facilities in Massachusetts have been designated a special purpose foreign-trade subzone by the Foreign-Trade Zones Board of the United States Department of Commerce. The principal feature of subzone status is that the designated area is considered to be outside of the customs territory of the United States. Thus, customs duties on imported items need not be paid until merchandise leaves the foreign-trade zone area and is entered into U.S. customs territory -- and at that point, the duty rate is that applicable to the finished product rather than the foreign-sourced parts. The components for Polaroid's cameras are sourced either domestically or abroad, depending on factors such as availability, production schedules, technical specifications, and currency values. A temporary duty suspension would permit the company to enter into U.S. customs territory cameras manufactured at its U.S. facilities without having to pay duties on those components and materials that are sourced abroad.

Some of the instant cameras that would be affected by a duty suspension would be imported from Polaroid's facility in Scotland. However, because of the special customs status of Polaroid's manufacturing facilities in Massachusetts, the principal benefit of duty suspension would accrue to Polaroid's camera manufacturing operations in the United States.

The importance of supporting Polaroid's domestic camera production operations is underscored by the company's significant role in the Massachusetts economy. With about 10,000 employees, Polaroid is one of the largest private employers in the state, and is the largest domestic camera manufacturer. Polaroid's presence is important in numerous communities throughout the state; the company has facilities in Boston, Cambridge, Freetown, Needham, New Bedford, Norwood and Waltham. The secondary effects of Polaroid's activities on suppliers of goods and services to the company and its employees are enormous.

Polaroid's reputation as a responsible and humanistic employer is unmatched. The company further contributes to the well-being of the community through the activities of the Polaroid Foundation and participation in the United Way campaigns.

Polaroid is constantly striving to develop and introduce new imaging systems; and its extensive research and development activities contribute to the U.S. technology base.

A duty suspension for instant cameras would not have any adverse competitive effects in the United States. First, Polaroid's instant camera is a unique product, which (as the U.S. International Trade Commission confirmed in a recent report) is not directly competitive with other forms of photography. Moreover, U.S. production of other types of cameras is extremely limited. Aside from Polaroid's domestic production of instant cameras, only a limited number of "disposable"-type cameras are believed to be manufactured in the United States.

Polaroid has taken a wide range of measures to keep its United States operations competitive on a world-wide basis, and has resisted shifting most of its camera production facilities to low-cost foreign locations, as other U.S. camera producers have done. A temporary duty suspension for instant cameras would add to the strategic flexibility that Polaroid needs to keep its production facilities in the United States and remain competitive in world markets.

H.R. 2066

To suspend temporarily the duty on imported baseball and softball gloves and mitts

No comments submitted.

H.R. 2067

To suspend temporarily the duty on certain radio-tape player combinations

Electronic Industries Association
[illegible]
2001 Pennsylvania Avenue, NW • Washington, DC 20006-1813, USA
Phone: (202) 457-4919 • FAX: (202) 457-4985

April 29, 1991

Mr. Rob Leonard
Chief Counsel
Subcommittee on Trade
HOUSE COMMITTEE ON WAYS AND MEANS
1136 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

As requested by Chairman Gibbons, EIA wishes to submit written comments on two duty suspension bills currently pending before the Subcommittee.

H.R. 1094 would extend a suspension of the 6% duty on clock-radios until December 31, 1995, retroactively from the date of its expiration on December 31, 1990.

H.R. 2067 would suspend the duty of 3.7% on certain radio-tape player combinations for three years.

EIA supports suspending these duties because, although they result in slightly higher prices for American consumers, they do not serve to protect domestic business. Under U.S. trade policy, import duties are levied to prevent lower-priced foreign goods from undercutting domestic industries. However, there are no domestic manufacturers of clock-radios and radio-tape players. All companies producing these items manufacture in the Third World.

Therefore, duties on these goods do nothing to protect American companies or workers. Quite the opposite, they actually put some American companies at a competitive disadvantage, forcing them either to raise prices or move production operations to duty-free nations.

For example, an EIA member company based in Chicago, Lloyd's Electronics, faces this problem. Since Lloyd's must now pay a 6% duty on clock-radios imported from China, it is looking to produce in another country not covered by the duty. Lloyd's found that the only such place where these items could be produced as cheaply and as well was Malaysia. This small American company may therefore be forced to curtail or eliminate their clock-radio business, or undertake to relocate all of their major manufacturing operations.

H.R. 1094 and H.R. 2067 would also benefit consumers. The history of the consumer electronics industry shows that when manufacturers can make or import items more cheaply, they lower their prices to consumers. As of December 31, 1990, the index for all products listed in the Consumer Price Index (CPI) had increased to 133.8 versus 100 (for the CPI base period of 1982-84), yet the index for consumer audio products within the same period has dropped to 93.3.

Yet, if total sales of clock-radios match last year's $84.5 million total, a 6 percent duty will raise import costs by $5.1 million. Based on normal markup ratios, consumers will end up paying a total of $6.6 million more for these items.

Likewise, unless it is suspended, the 3.7 percent duty on radio-tape players will raise import costs (based on 1990 figures) by $22.5 million and cause consumers to pay a total of $29.3 million more for radio-tape players.

In view of the clear benefit to consumers and the absence of threat to domestic manufacturers posed by imports of clock-radios and radio-tape players, EIA urges the Subcommittee to report favorably both H.R. 1094 and H.R. 2067.

Sincerely,

David E. Poisson

DAVID E. POISSON
Executive Director
Government Affairs and
Deputy Legal Counsel

COMMENTS ON
MATSUSHITA ELECTRIC CORPORATION OF AMERICA
IN SUPPORT OF
H.R. 2067,
TO TEMPORARILY SUSPEND THE DUTY ON CERTAIN RADIO-TAPE PLAYER COMBINATIONS

Matsushita Electric Corporation of America ("MECA"), a U.S. manufacturer, importer, and distributor of consumer electronics goods, submits these comments in support of H.R. 2067, which would suspend for three years the duty on certain radio-tape player combinations, classified under Item 8527.11.11 under the Harmonized Tariff Schedule of the United States, specifically battery-operated radio-tape player combinations which are incapable of recording. The legislation would apply to all merchandise entered or withdrawn from warehouse for consumption on or before December 31, 1994.

By way of background, MECA was established in the United States over thirty years ago and has progressively increased its presence as a manufacturer and distributor in the consumer electronics industry under the brand names Panasonic, Quasar, and Technics. MECA currently employs over 10,000 American workers and has established 14 manufacturing facilities and numerous operational offices in 25 different states. In addition, MECA has established significant research and development facilities in the United States.

MECA imports battery-operated radio-tape players from Japan and Taiwan through its largest and oldest company, Panasonic Company. Panasonic Company, its service centers, and its more than 850 service technicians and dealers, representing more than 15,000 outlets, sell and service the product throughout the United States. Increased availability of this product in the United States would benefit those workers in the United States would benefit those workers in the United States who sell and service the product.

The current duty applicable to this product is 3.7 percent ad valorem. For the full year 1990, battery-operated radio-tape players valued at approximately $607 million entered the United States from 20 countries, a small portion of which entered the United States duty-free under the Generalized System of Preferences.

MECA supports H.R. 2067 for several reasons. First, there is no U.S. industry to be "protected" by the tariff. To the best of MECA's knowledge, there is no United States production of the radio-tape players covered by the legislation or of other merchandise like or directly competitive with these battery-powered combination units. Nor, again to the best of MECA's knowledge, are there any plans to establish manufacturing facilities for this product in the United States. Because of the lack of domestic production of this product, a duty suspension would have no adverse effect on U.S. workers or firms. Indeed, this fact was explicitly recognized in the U.S.-Canada Free Trade Agreement, which provides for elimination of the duty for this product under the short tariff phase-out category used for products not found to be import-sensitive.

Second, although there is no U.S. industry producing this extremely popular product, the industry that does exist in the United States relates to sales and service, as described above. A duty suspension would directly benefit these workers.

Finally, the legislation would stimulate competition among importers, foreign producers, U.S. distributors, and U.S. retailers because a temporary removal of the duty would not inure to the benefit of any particular company or interest in the consumer electronics competition across the entire range of companies supplying this product. The U.S. consumer would directly benefit from this competition.

For the reasons outlined above, the benefits that would be achieved through H.R. 2067, are such that MECA urges this Committee to support this legislation. MECA would be happy to respond to any questions which the Committee may have regarding this proposed duty suspension.

Respectfully submitted,

Richard Lovisolo

Richard A. Lovisolo
Vice President & General Manager
Panasonic Company
Matsushita Electric Corporation
of America

H.R. 2068

To suspend temporarily the duty on digital processing units for automatic data processing machines, and for other purposes

H.R. 2069

To amend the Harmonized Tariff of the United States regarding certain parts for automatic data processing machines

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SMITH
CORONA

G. LEE THOMPSON
CHAIRMAN,
CHIEF EXECUTIVE OFFICER

June 13, 1991

The Hon. Dan Rostenkowski
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to express Smith Corona's strong support for two tariff bills, H.R. 2068 and 2069, that will greatly enhance our company's competitiveness by correcting a disparity in the current tariff schedule which favors importation of printed circuit boards (PCBs) over assembling them in the U.S.

Recently, Speaker Foley expressed his sentiment that, as computers have become the building blocks of competitiveness, American companies need to look harder at building more computers domestically. Smith Corona could not agree more. Earlier this year, we entered into a joint venture with Acer of Taiwan to assemble Smith Corona personal computers in the U.S. The venture represents a significant transfer of manufacturing technology to the U.S.

We were surprised to learn that a company that imports a fully assembled PCB into the U.S. and builds it into another product, such as a computer, pays no import duty on the PCB. However, if the same company imports parts such as blank boards or electronic components and assembles them in a U.S. foreign trade zone, it must pay a duty either on the parts (ranging from 5.3 - 10 percent) or on the "foreign content" of the finished product (3.9 percent). In short, current law provides a disincentive to assembling PCBs in the U.S. versus importing them fully assembled from abroad.

We believe that PCBs assembled in U.S. foreign trade zones should be accorded equal tariff treatment with fully assembled PCBs imported from abroad. Your colleague Rep. Ray McGrath has introduced two bills to correct this problem and I would appreciate your support for them during consideration of omnibus tariff legislation.

H.R. 2068 extends through 1994 the duty-free treatment for assembled imported PCBs accorded by the 1988 trade bill, including PCBs entering from a foreign trade zone to allow for domestic assembly in an FTZ.

H.R. 2069 covers importation and assembly of all automatic data processing machines and was written with input from the Computer and Business Equipment Manufacturers Association (CBEMA) and other manufacutrers of the many products that utilize PCBs. The bill would permanently alter the HTUS definition of PCBs to include the entry of printed circuit boards assembled in U.S. foreign trade zones. This would accord them equal duty treatment and, as a practical matter, remove the current disincentive to assemble PCBs domestically using American labor.

I would appreciate your support for both bills during your committee's consideration of miscellaneous tariff provisions.

With best wishes, I am

Sincerely,

G. Lee Thompson
Chairman of the Board and CEO

H.R. 2078

To include photoreceptors and assemblies containing photoreceptors within the temporary suspension of duty on parts of certain electrostatic copying machines, and to extend the suspension of duty until January 1, 1995

Statement of
T. Michael Clarke
President and Chief Executive Officer
KATUN Corporation
Minneapolis, Minnesota

As President and Chief Executive Officer of KATUN Corporation, I am submitting written comments in support of legislation introduced by Congressman Ramstad (H.R. 2078) which would include photoreceptors and assemblies containing photoreceptors within the temporary suspension of duty on parts of certain electrostatic copying machines and to extend the suspension of duty until January 1, 1995.

KATUN Corporation is a major distributor of after market plain paper copier and computer laser page printer photoreceptors, parts, and supplies. KATUN Corporation has its corporate headquarters in Minneapolis, Minnesota and has subsidiaries in Canada, the United Kingdom, France, Germany, Italy, Spain, the Netherlands, Venezuela, and Japan. KATUN currently services customers on five continents in 120 countries.

The photoreceptor or drum is the part of the plain paper copier (PPC), computer laser page printer (PP), or plain paper laser facsimile (PPF) which receives the projected image of the original for copying. Each of these machines contains a photoreceptor.

Over the past several years, significant technological changes and advancements have occurred in photoreceptors used in plain paper copiers, computer laser page printers, and plain paper laser facsimiles. In large measure, these changes have developed in Japan since the market for many of the PPC, PP, and PPF machines is now dominated by Japanese original equipment manufacturers. Consequently, U.S. manufacturers have not produced the highly sophisticated photoreceptors increasingly used in today's PPCs, PPs, and PPFs. Therefore, KATUN Corporation is required to purchase most of these photoreceptors from Japan.

The temporary suspension of the tariff on photoreceptors and assemblies containing photoreceptors as called for in H.R. 2078 would:

- place photoreceptors logically and appropriately within the existing tariff suspension which has already been granted by Congress to other parts of PPCs, PPs and PPFs.

- improve KATUN Corporation's competitive position vis-a-vis the Japanese and German companies which have recently relocated photoreceptor manufacturing facilities to the U.S. and are returning their profits to Japan and Germany.

- allow KATUN Corporation to compete more effectively with the U.S. and foreign based subsidiaries of these Japanese and German companies on a more equal cost basis.

- reduce KATUN Corporation's administrative time devoted to U.S. customs duty drawback and allow KATUN to focus on increasing its substantial exports.

- allow KATUN Corporation to invest in a technical joint venture to manufacture photoreceptors in the U.S.

Therefore, in behalf of KATUN Corporation, I respectfully urge the Subcommittee on Trade of the House Committee on Ways and Means to favorably report H.R. 2078 at the earliest possible opportunity.

C & M INTERNATIONAL LTD.
1001 PENNSYLVANIA AVENUE, N.W.
SUITE 1275
WASHINGTON, D.C. 20004-2595
(202) 624-2895
FACSIMILE: (202) 628-5116

DORAL S. COOPER
PRESIDENT

June 14, 1991

665:mkz
62386.018

VIA HAND

Mr. Robert J. Leonard
Chief Counsel
Ways and Means Committee
1102 Longworth
Washington, DC 20515

Dear Mr. Leonard:

We are writing on behalf of Nashua Corporation, a U.S. corporation located in Nashua, New Hampshire. Among other products, Nashua manufactures photo-receptors (also known as selenium drums) which form an integral part of a photocopier.

Nashua opposes any efforts to modify the duty on selenium/telerium photo-receptors. The duty in the United States is already lower than the duty in a number of major markets, including the European Community. Congress would unfairly penalize Nashua if it made foreign companies more competitive in the United States without ensuring that a corresponding reduction in the duty of this product is made abroad at the same time.

Thank you for ensuring that the duty on selenium/telerium photo-receptors is not eliminated.

Sincerely,

Doral S. Cooper

Doral S. Cooper

H.R. 2107

To provide for the temporary suspension of the duty on machines, and their parts, for use in the manufacture of video laser discs

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STATEMENT OF WEA MANUFACTURING, INC., OLYPHANT, PA

Introduction

On April 25, 1991 the Honorable Joseph M. McDade, a member of the House of Representatives for the 10th Congressional District of Pennsylvania, introduced HR 2107, a bill to suspend the imposition of Customs duties on machinery or mechanical appliances for use in the manufacture of laser video discs.

The legislation was introduced at the request of WEA Manufacturing, Inc. of Olyphant, Pennsylvania, a Time-Warner Inc. Company, and the only domestically owned facility producing audio compact discs (hereinafter "CDs").

A laser video disc resembles the well-known audio compact disc but will contain on it both audio and visual capabilities. It is expected that the video discs will supplement or ultimately replace the video cassette as the vehicle for the presentation of movies in the home.

Background On WEA Manufacturing

WEA Manufacturing, as it is currently known, was founded in 1950 by Roy C. Marquardt, the father of the current president of the company, Richard C. Marquardt. At its inception the company was known as Specialty Records Corporation. In 1978 Specialty Records was acquired by Warner Communications, Inc., and in the same year, Warner incorporated WEA Manufacturing, Inc. Specialty Records is a subsidiary of WEA within the Time-Warner family of companies.

The request for duty suspension for the machinery used in the manufacture of laser video discs is the result of an unsuccessful search for comparable technology within the United States. There are several reasons why the technology for the manufacture of laser video discs does not exist in the United States. The simplified explanation is that the technology for the predecessor product - machinery which makes audio compact discs - was developed outside the United States and the current article is highly dependent on predecessor technology.

In approximately 1986, WEA Manufacturing decided to enter the audio compact disc manufacturing market in the United States. It established a manufacturing system predicated on what is known as "batch processing." At that time an audio compact disc was manufactured in a four-step process, each manufacturing step was performed by a separate machine. The four machines that were used in manufacturing a compact disc were:

(1) an injection molding machine;

(2) a metalizing machine;

(3) a lacquer coating machine; and

(4) a printing machine.

In effect, in its earliest stages, the manufacture of an audio compact disc was similar to a standard assembly-line operation. Another aspect of the batch processing method was that the manufacturing operations had to be performed in a clean-room environment. This circumstance both increased the basic costs of production and limited WEA's manufacturing alternatives because it limited -- even within one manufacturing site -- the places where the batch processes could be performed.

When WEA first entered into the market it attempted to obtain the equipment to manufacture the discs in the United States. In attempting to find United States vendors, the company contemplated that it was:

(1) eliminating extensive delivery times which the company considered to be a crucial ingredient in the manufacture of a high demand article;

(2) reducing shipping and transportation costs; and

(3) eliminating problems in harmonizing foreign and domestic regulatory standards, such as U.L. and OSHA.

In the initial stages, therefore, the company's unquestioned preference was to find sources for the machinery in the United States.

WEA Manufacturing worked with several domestic sources to adapt existing injection molding machinery to the company's needs.

The companies with which it met, such as Cincinnati Milicron of Cincinnati, Ohio, were not interested in the project because, at such an early stage in the life of this industry, there was decided uncertainty about its future, and the research and development costs were enormous. Similarly, WEA contacted Corning Glass Works of Corning, New York to further develop a master plate and was rejected.

Thus, having exhausted the potential sources of supply in the United States, WEA Manufacturing obtained manufacturing equipment in Europe which was ahead of the United States in developing this form of technology.

Between 1986 and 1989, the audio CD industry experienced significant technological advances, but virtually all of those advances were achieved by the manufacturers of first generation audio compact disc equipment. By the end of 1989 each of the four discreet manufacturing steps in "batch processing" had been consolidated in a machine known as a "monoliner." As its name would suggest, the monoliner consolidated into one machine the manufacturing operations that had heretofore required four machines. In addition, the manner in which the monoliner was developed eliminated the need for a clean-room environment.

WEA has found only one manufacturer of laser video disc machinery, OD&ME of Eindhoven, the Netherlands. It is the same company that developed for WEA the audio compact disc manufacturing equipment.

WEA Manufacturing and Time-Warner remain committed to assisting U.S.-based companies in developing the competence to manufacture such machinery in the United States, but in a market which moves with such astounding speed as laser and video disc technology, the company simply cannot afford to let its destiny rest on the research and developing schedules of others.

The Scope Of The Venture.

WEA Manufacturing expects to purchase a total of 36 videoliner machines for the project, each at a cost of approximately

$2,000,000. One machine has already been entered, and the company expects that probably four additional machines will be imported during the legislative deliberative process. The company has calculated estimated sales and revenues for the project, but those figures are confidential. It will be happy to share those numbers with the Subcommittee staff, if the staff wishes to review the information.

The Laser Video Disc Project Could Create Or Save Up To 800 Jobs In The Olyphant, Pennsylvania Area.

One of the most important aspects of the entire venture described above is the creation of new jobs and the salvation of other jobs.

As one would expect, the growth of the audio compact disc comes, to some extent, at the expense of the vinyl record industry. WEA Manufacturing currently has over 150 employees in the production of vinyl records, but that section of the industry is clearly in decline. To make matters worse, since this segment of the industry is the oldest, its workers are the most senior and are therefore at highest risk in the event of an absolute loss of business.

The company believes that if the laser video disc project is completely successful it can transfer as many as 150 employees in the vinyl records group to higher technology jobs and will create an additional 650 new jobs. When considering that the current employees used to manufacture vinyl records may be the least likely to find jobs, the value of the project, not only to the company but to the individual employees whose jobs may be saved, is of substantial consequence. In adding a new video disc line, then, the company is doing more than simply adding new jobs -- it is finding a place for older workers who might otherwise face job extinction with the death of the vinyl record industry.

The Proposed Legislation Contains A Provision For Retroactivity, Which Provision Is Nonetheless Consistent With The Goals Of The Congress As It Relates To This Form Of Legislation.

Section 2B of HR 2107 authorizes the retroactive suspension of duties for merchandise entered on or after January 1st of this year. WEA Manufacturing is sensitive to the Committee's views on retroactivity and believes that the provision, in this case, is entirely consistent with the larger Congressional goals.

WEA seeks, through this legislation, to suspend the assessment of duties on a designated number of products. At most, the company believes probably no more than 36 units will be imported if the program is totally successful. Some of the merchandise has already entered into the United States and duties have been deposited, and the only way in which the full array of products can be protected by this legislation is to make the legislation retroactive to the earliest shipment. Bear in mind WEA does not seek duty suspension for compact disc machinery, or any of the raw materials imported for use in either audio or video discs. It limits its duty suspension program only to a narrow class of products with a limited period of importation, some of which have already been entered, others of which are still in the production stages. Clearly the Congress has the right to consider all legislation according to its schedule. Thus, the purpose of our retroactive application is not to seek "windfall" benefits for the company. Rather, the company looks to identify a discreet class of product for which it seeks tariff benefits; to acknowledge that the entry process may not be harmonious with the legislative deliberative process; and to fashion a provision which will allow a snapback of recoveries during the period of Congressional deliberation.

To that extent, the company believes that retroactivity, in this case, is entirely consistent with the larger Congressional purposes. The company does not seek to unjustly enrich itself. It seeks only to benefit a specific class of products, some of which will have been already entered while the bill is considered. The only way to protect those shipments is to include a retroactivity provision.

The Amount Of Monies To Be Forgone, In Any Single Year, Will Be Between $400,000 And $900,000, But The Company Believes That Virtually All Of These Lost Revenues Will Be Offset By Virtue Of The Increase In New Jobs.

Roughly estimated, the company expects to invest approximately $70,000,000 in the laser video manufacturing equipment. The expected ad valorem rate of duty on the imported merchandise is 3.9% and, therefore, for the entire project the amount of Customs duties in question is $2.7 million dollars. The company does not expect, however, that all the merchandise can be imported during the three year life of the duty suspension bill, and during the period of suspension the company will monitor the development of both the machinery and the market demand for the completed product.

As the Committee will understand, this is a very substantial corporate commitment, of which the Customs duties play a minor, but important, role.

WEA Manufacturing does not intend to simply pocket the proceeds generated by this legislation. Because of the sophisticated technology involved, the company will undertake a massive training program for its workers which, depending upon the functions to be performed, can last from three weeks to one year. Such training costs are substantial. The company fully expects that the benefits of this legislation will be two-fold: (1) certain of the monies saved as a result of the legislation will be used to defray the substantial training costs needed to operate the equipment; and (2) the reduced cost of the operating equipment will keep the price of the retail article reasonably competitive. Finally, the company hopes to develop the video disc market not simply for domestic sales, but for export sales as well.

The Revenue Loss Generated By The Legislation May Be Offset By Increases In Federal Tax Revenues.

The undertaking described above will require the full range of manufacturing competency, from group managers, earning up to $70,000 a year, to assembly line workers, earning $20,000 a year.

Each will be given not only a job, but the training necessary to perform that job well. As we also indicated above, vinyl record assembly line workers, who tend to be more senior, will be retrained to work the new machines. Assuming the generating of these substantial numbers of jobs, we believe that, in the long run, the federal revenues will be increased, not decreased, by this operation, because each of these new workers will be additions to the federal income tax rolls. In all candor, we cannot, and do not, represent to the Committee that the success of this project will rely exclusively on the enactment of the duty suspension legislation. But as the Committee will understand, such successes are the amalgam of a variety of efforts, of which the Congressional effort is one.

The Enactment of HR 2107 Will Have Neither Adverse Trade Policy Implications Nor Difficulties In Administration Or Enforcement.

Trade Policy Implications

To the best of the company's knowledge there are no adverse trade policy implications in the enactment of the legislation. The Netherlands is a country with which the United States has generally favorable and harmonious trade relations and, to the best of the company's knowledge, this product is not being unfairly traded for export to the United States or anywhere else in the world. The duty which is currently imposed (3.9%) is an ordinary tariff -- and is neither remedial nor punitive. Thus, there appears to be no policy implications in this legislation as they relate either to trading with the Netherlands or trading in this specific product.

There Are No Perceived Administrative Problems For The Customs Service In This Legislation.

The bill has been intentionally fashioned as an actual use provision, within the meaning of Rule 1(b) of the U.S. Rules of Interpretation of the Harmonized Tariff Schedules of the United States. The above-cited rule requires the importer of record to file a certification with the U.S. Customs Service within three years of entry that the merchandise was intended for use at the time of entry, and was actually so used after entry, as equipment for use in the manufacture of laser discs. The effect of crafting the legislation in such a fashion is to preclude the misuse of the legislation by those who would import parts that could be used for a variety of purposes, including a part for laser video disc equipment, such as nuts, bolts, washers, etc. Therefore, the manner in which the legislation is crafted imposes an acceptable administrative burden on the importers, but prevents an abuse of the duty-free provision.

Conclusion

For all the above reasons WEA Manufacturing requests that duty-free treatment be granted to the importation of machinery for use in the manufacture of video discs, and it supports the passage of the legislation.

Respectfully submitted,

Donohue and Donohue
Attorneys for WEA
Manufacturing, Inc.
421 Chestnut Street
Philadelphia, PA 19106
(215) 829-9910

John P. Donohue
John P. Donohue

H.R. 2124

To extend the duty reduction on certain unwrought lead for a period of two years

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Battery
Council
International

WASHINGTON OFFICE:
Weinberg, Bergeson & Neuman
1300 Eye Street, N.W.
Suite 600 East
Washington, D.C. 20005
(202) 962-8585 / FAX (202) 962-8599

July 8, 1991

Robert J. Leonard, Esq.
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
Room 1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

I am writing with regard to H.R. 2124, a bill "to extend the duty reduction on certain unwrought lead for a period of two years." On June 12, the Non-Ferrous Metals Producers Committee (NFMPC), which is an association of U.S. primary producers of lead, copper, and zinc, submitted a statement to the Committee on Ways and Means in support of H.R. 2124.

The Battery Council International, an association representing major industrial consumers of unwrought lead, joins the NFMPC in supporting passage of H.R. 2124 and its counterpart Senate bill, S. 746.

Please contact me if you have any questions about this matter.

Sincerely,

Thomas Douglas III
President
Battery Council International

cc: Janice Mays

NON-FERROUS METALS PRODUCERS COMMITTEE
1225 NINETEENTH STREET, N.W.
SUITE 210
WASHINGTON, D.C. 20036

Telephone (202) 466-7720
Telecopier (202) 466-2710

The Non-Ferrous Metals Producers Committee (NFMPC) submits this statement in support of H.R. 2124 to "extend the duty reduction on certain unwrought lead for a period of two years. H.R. 2124 is sponsored by Congressman Bill Emerson. Senator Danforth has introduced companion legislation in the Senate, S. 746.

The NFMPC is a trade association of U.S. primary producers of copper, lead, and zinc. The membership of the NFMPC includes the two major U.S. producers of primary refined lead. The lead-producing members of the NFMPC are:

-- The Doe Run Company, St. Louis Missouri, and

-- ASARCO Incorporated, New York, New York.

The Doe Run Company has lead smelters in Herculaneum and Buick, Missouri and six lead mines and four mills in southeast Missouri. ASARCO operates a lead smelter at East Helena, Montana, and a lead refinery at Omaha, Nebraska. It has lead mines in Leadville, Colorado; Westfork and Sweetwater, Missouri; and Coeur and Galena, Idaho.

H.R. 2124 extends the current temporary arrangement concerning the tariff on imports of unalloyed, unwrought lead[1] for a period of two years commencing January 1, 1992. This temporary arrangement, which was supported by both the producers and consumers of such lead, was put into place on January 1, 1980 and had the effect of stabilizing the effective tariff on these lead imports. The arrangement reduced the existing ad valorem tariff rate from 3.5 percent to 3.0 percent but also established as a specific duty floor a minimum tariff of 2.3424 cents per kilogram of lead content.[2]

The arrangement reflects a compromise between lead producers and consumers which aids both groups by contributing to stability in the primary lead market. During periods of relatively high lead prices, the reduction in the ad valorem rate reduces the duty cost for consumers, while the specific rate duty floor assists the domestic producers when lead prices are relatively low and the domestic industry is, thus, vulnerable to cyclical pressures.

The original bill passed by Congress covered the period from January 1, 1980 through June 30, 1983, and was extended by Congress in 1984 through December 31, 1988. During October 1988, Congress again extended the arrangement through December 31, 1992. If the duty arrangement is not further extended, the tariff will snapback to 3.5 percent on January 1, 1993.[3]

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[1] The product's permanent tariff classification is under HTS 7801.10.00. The current temporary tariff provision is provided under HTS 9902.78.01.

[2] The original extension expressed the duty floor as 1.0625 cents per pound, which was converted into the cited metric equivalent as a result of the conversion to the Harmonized Tariff Schedule.

[3] At the time of the Tokyo Round of Multilateral Trade Negotiations, the then existing specific duty rate of 1.0625 cents per pound was converted to an ad valorem rate of 5.1 percent. This duty was reduced during the Tokyo Round to 4.0 percent, which subsequently was reduced further to 3.5 percent as a result of bilateral

The underlying purpose of the extension is to ensure the continued operation of this lead duty arrangement pending the conclusion of the Uruguay Round tariff negotiations. In these negotiations, the U.S. primary lead industry has proposed the elimination of U.S. and foreign import duties on this product. However, in the event that these multilateral negotiations are not concluded by the time of the scheduled expiration of the current duty arrangement on December 31, 1992, the extension would continue the duty arrangement for a period during which the U.S. industry hopes that negotiations can be completed.

The NFMPC urges the Subcommittee on Trade to support passage of H.R. 2124.

Submitted By

Kenneth R. Button

Kenneth R. Button
Executive Secretary

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negotiations with Mexico at the end of 1979. Although the Mexican Government did not put into place the concessions it had accepted in these negotiations, the U.S. Government, nevertheless, did not snapback the duty to 4 percent as it was entitled to do.

H.R. 2147

To extend the existing suspension of duty on thiothiamine hydrochloride

No comments submitted.

H.R. 2163

To provide for the duty-free entry of rail passenger cars and parts imported for the use of certain public agencies

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Statement for the Record

Committee on Passenger Transportation

Railway Progress Institute

The Railway Progress Institute is the international trade association of suppliers to the freight railroads and rail passenger transportation systems. The RPI Committee on Passenger Transportation represents the suppliers to the nation's commuter systems, urban transit systems, and Amtrak. The Committee objects strenuously to H.R. 2163, which would provide duty-free entry of rail cars and parts imported for the use of certain public agencies.

This association opposes H.R. 2163 for the following reasons:

- Enactment would constitute an outright circumvention of Congress's clear intention of providing a "level playing field" for the surviving domestic suppliers of railcar components. Congress has expressed this determination in first adopting "Buy America" provisions in 1978 and then by strengthening them over the years since then. Congress chose this course after seeing a once-thriving, taxpaying domestic rail passenger car industry die slowly because of importations of cars built overseas by government-owned and -subsidized manufacturers.

- The "Buy America" provisions of Federal law have worked to keep U.S. dollars in this country and, moreover, to attract foreign investment in the U.S. transit supply industry.

- There are no reciprocal arrangements whereby U.S. transit suppliers can penetrate markets in other countries that have thriving, government-subsidized equipment industries. Indeed, the European, Brazilian, and Japanese markets are virtually closed to the U.S. private sector. The Canadian market is closed to transit component suppliers of the United States because of the imposition of provincial preference requirements.

- Operators of U.S. transit systems have functioned within the framework of Buy America requirements. H.R. 2163, if it becomes law, will establish a precedent that will result in petitions to Congress to waive duty requirements in all instances.

If the Congress is to rethink Buy America, the process should begin where Buy America began, and that is with the authorizing committees.

June 11, 1991

H.R. 2170

To extend until September 30, 1992, the existing suspensions of duty on iohexol and iopamidol

STATEMENT OF BRISTOL-MYERS SQUIBB COMPANY

COMMENTS ON H.R. 2170

Dear Mr. Chairman, I appreciate the opportunity to provide a written statement in support of H.R. 2170, the temporary suspension of duty for Iopamidol.

Iopamidol is the key ingredient used in the manufacture of a non-ionic diagnostic imaging agent used in cardiology and radiology. Non-ionic imaging agents are state-of-the-art for utilization in high risk and elderly patients, due to the reduced incidence of side effects and adverse reactions.

Iopamidol is patented by Bracco Industria Chemica, S.P.A., of Italy. Squibb Corporation, of Lawrenceville, New Jersey, is the sole licensee for Iopamidol in the United States. Squibb's license agreement requires that Bristol-Myers Squibb import all of the Iopamidol ingredient from Bracco.

Bristol-Myers Squibb manufactures and markets the non-ionic diagnostic imaging agent, Isovue, which contains Iopamidol as the active ingredient. Bristol-Myers Squibb holds the U.S. trademark for Isovue, which was approved by the Food and Drug Administration late in 1985.

Iopamidol is subject to an inverted tariff. It is listed under Tariff Schedule 405,3400 and subject to a duty of 13.5%, whereas substantially similar finished products imported by foreign manufacturers carry a duty of only 3.7%. Bristol-Myers Squibb has imported finished products from a foreign subsidiary under Tariff Schedule 438.0200 at the 3.7% duty rate. Under the Harmonized Tariff Schedule, 30.06.30.5, the finished product could be imported at the 6.9% duty rate.

Producing these diagnostic products at our New Brunswick facility from imported raw materials carrying a higher duty rate than the finished products places Bristol-Myers Squibb at a competitive disadvantage with foreign competitors and Bristol-Myers Squibb's overseas facilities which export similar products to the United States.

Jobs

More than one-third (800 jobs) of the labor force at New Brunswick are engaged in the production, research and development of diagnostic products. At least one foreign competitor now sends finished products similar to the Bristol-Myers Squibb products into the U.S. to an affiliate. Bristol-Myers Squibb has, therefore, been forced to consider manufacturing these products abroad, and importing at the lesser duty, the finished products for sale in the U.S. Present duty suspension has resulted in Canadian production transfer to this site, in spite of the fact that the U.S./Canadian Free Trade Agreement would make Canada an attractive option.

Transfer of the Isovue operation alone would result in the loss of employment for 140 people; 80 employees directly involved in production, plus another 60 employees in support functions, such as R & D, quality control, and maintenance. Of this total approximately 35% would be minority and 60% would be semi-skilled.

Duty suspension has lead to job expansion at the site. Isovue sales have grown dramatically in the first five years since its introduction. This growth is anticipated to continue and could be augmented by attempts to supply an export market. Such expanded requirements have lead to the addition of a second shift creating 40 additional production jobs. The nature of these positions is expected to be similar to those described in the preceding paragraph, i.e., approximately 35% minority and 60% semi-skilled.

Continued or expanded operations at New Brunswick would maintain or increase taxes paid to state and local governments. In addition to increased ratables from facility expansion and taxes on likely gains in sales revenues, there is a multiplier effect of expanded payroll and regional spending. Bristol-Myers Squibb's 1990 payroll at New Brunswick was approximately $99,000,000 in 1990. The loss of 140 jobs would result in an immediate reduction of $5,300,000 to the payroll. Applying impact multipliers developed by the N.J. Department of Commerce, Energy and Economic Development, this would have a total negative impact on the community as follows:

- Total employment loss - 333
- Total wage loss - $10,494,000

Present duty suspension has resulted in implementation of a second shift.

In addition to this employment and wage affect on the community, there is the impact of direct company expenditures for goods and services: Bristol-Myers Squibb purchased over $89,000,000 in goods and services at the New Brunswick facility in 1990. Any reduction in workload would, of course, have a negative impact on this figure, while conversely, increases in sales or workforce will have a positive impact.

Increased Exports

Duty suspension could permit the company to temporarily or permanently manufacturer products at the site which are currently produced off shore for the overseas market. Operations of this nature are not presently attempted due to the unfavorable cost position of the U.S. operation relative to overseas entities. Reduction or elimination of duties on imported raw materials could favorably alter this disadvantage to U.S. production.

Bristol-Myers Squibb is currently licensed to sell Isovue in several European, Asian, and South American countries. These markets have to date not been exploited for a variety of reasons, among them, the cost of importing the raw material. Duty suspension could lead to an attempt to supply these markets, resulting in an increase in exports.

Duty suspension could assist Bristol-Myers Squibb in attracting substantial manufacturing business from European and Asian pharmaceutical companies who wish to supply markets in the U.S., Canada, Mexico, and South America. This business would not only increase exports, but could lead to an increase in jobs.

Competition

There is no domestic manufacturer of Iopamidol.

There is domestic competition, however, among non-ionic contrast diagnostic agents (of which Isovue is one). Sterling-Winthrop makes a non-ionic compound on license from a Norwegian firm. Mallinckrodt manufacturers another non-ionic compound.

The increased competition among domestic makers and manufacturers of non-ionic products stimulates the need to reduce manufacturing costs wherever possible. It is this consideration that drives our request for a duty suspension for Iopamidol. It is crucial to our current and future economic base in New Brunswick that jobs can be maintained and enhanced only in a competitive atmosphere.

Mr. Chairman, I appreciate your consideration of our request for the temporary duty suspension of Iopamidol. Thank you.

COMMENTATOR: MALLINCKRODT MEDICAL, INC.
LEGISLATION: H.R. 2170
DATE: June 11, 1991

Mallinckrodt Medical, Inc., a U.S. manufacturer and distributor of medical products for the U.S. health care market, opposes and recommends the defeat of H.R. 2170, which would allow for an extension, until September 30, 1992, of the existing suspensions of duty on Iohexol and Iopamidol.

H.R. 2170 would allow for suspension of duty tariffs on N,N'-bis[2-hydroxy-1-(hydroxymethyl)-ethyl]-2,4,6-triiodo-5-lactamidoisophthalamide known as Iopamidol, and N,N'-bis[2,3 dihydorxypropyl]-5-(N-[2,3-dihydorxypropyl]-aceta-mido)-2,4,6-triiodoisophthalamide known as Iohexol. E. R. Squibb & Sons, Inc. ("Squibb") formulates Iopamidol in the U.S. to produce its product, ISOVUE, a non-ionic contrast media agent. Sterling Drug, Inc. ("Sterling") is a U.S. manufacturer of OMNIPAQUE, which is also a non-ionic contrast media agent.

Mallinckrodt Medical, Inc. ("Mallinckrodt") introduced on May 26, 1989, its product, OPTIRAY®, incorporating N,N'-bis(2,3-dihydroxypropyl)-5-[N-(2-hydroxyethyl)-glycolamido]-2,4,6-triiodoisophthalamide to compete with Iopamidol and Iohexol in the in vivo diagnostic, non-ionic contrast media market. Mallinckrodt's product was developed within the United States and was the culmination of approximately ten (10) years of research and development effort, including a multi-million dollar, state of the art manufacturing facility in the United States. In addition, Mallinckrodt continues significant investments in further OPTIRAY® research, development, and production programs. Mallinckrodt's research, development and manufacturing investment in OPTIRAY® provides the sole U.S.-produced supply of non-ionic contrast media to compete with Squibb's Iopamidol and Sterling's Iohexol.[1]

As a result of legislation which was passed last year, Iopamidol and Iohexol received a limited, one-year suspension of tariff duty. H.R. 2170, if passed, would provide continued duty suspension on these two chemicals. An extension of the duty suspension would affront Mallinckrodt's investment and would serve to discourage other U.S.-based research and development efforts in the marketplace. Squibb and Sterling are currently the dominant players in the U.S. in the non-ionic contrast media market. A continued suspension of duties on Iohexol and Iopamidol can only result in increasing the market share and dominance of Squibb and Sterling. Such actions discourage the investment of resources within the medical industry and stymie the development of new products and improved patient care.

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[1] Should the Committee need information on the indirect employment benefits of OPTIRAY® or on the effect of the imported products on the competitiveness of U.S.-produced OPTIRAY®, Mallinckrodt will provide it, if requested.

Background

Iodinated contrast media are used in a variety of diagnostic procedures in radiology and cardiology departments (approximately 12 million procedures annually). Most commonly, they are injected into the venous or arterial circulation and distributed to the area of interest within the patient. Radiographic techniques are then used to obtain and record the images for subsequent evaluation.

Traditionally such injections can be associated with a wide variety of patient side effects. These range in severity from mild, nuisance-type reactions (pain, burning sensation, nausea, etc.) to severe, life-threatening episodes (breathing difficulties, changes in blood pressure, heart rhythm and rate changes, and other cardiovascular or hypersensitivity reactions). Clinical data suggest the incidence of fatal reactions to fall in the range of one death per each 10,000 to 100,000 injections.

In an attempt to improve on this performance, significant research has been directed toward the identification and development of compounds capable of providing appropriate diagnostic efficacy while reducing the frequency and.or severity of side effects associated with their use. Due to the suspected involvement of "hyper-osmolality" of conventional agents in many of these reactions, efforts were concentrated on reducing the inherent "osmolality" of these compounds.

One way such improvements may be obtained is by creating a molecule which does not "ionize" (dissociate into anion and cation components). These agents deliver equivalent iodine with only half the "conventional" osmotic load. Products falling into this category are commonly referred to as "non-ionics".

As a class, non-ionic agents achieve significant advantages over their conventional predecessors in patient tolerance. Until Mallinckrodt introduced OPTIRAY®, in May, 1989, the available agents, including Isovue (Iopamidol) and OMNIPAQUE (Iohexol) were all licensed from their European owners to U.S.-based distributors.

Conclusion

Mallinckrodt has made a substantial investment in the development of a non-ionic contrast media to compete directly with European-owned agents which have been licensed to Mallinckrodt's competitors. Passage of H.R. 2170 would provide U.S. governmental encouragement of the importation of European products to the detriment of U.S. developed and produced products such as OPTIRAY®. Such support of foreign-owned technology at the expense of U.S. research and development efforts not only contradicts current balance of trade goals, but also defeats positive efforts to reduce the tremendous budget deficit.

Statement of
STERLING DRUG INC.
to the
Subcommittee on Trade
Committee on Ways and Means
In Support of HR 2170
June 12, 1991

Sterling Drug Inc. appreciates this opportunity to present its views on HR 2170, a bill that would extend the duty suspension on iohexol by one year. Sterling, a subsidiary of the Eastman Kodak Company, manufactures and distributes pharmaceutical and consumer products in the United States and in well over 100 other nations.

Background

Iohexol is imported from Norway and is the key ingredient of an imaging agent sold under the trade name "Omnipaque." This is a dye or contrast agent injected into patients to help their physicians better visualize organs, veins, arteries and the spinal canal. It is a unique chemical compound that, while not being totally chemically inert, does possess a chemical formulation which has minimal negative impact on the human physiology. Through extensive clinical testing, iohexol has been shown to be the only nonionic contrast medium which has been approved for use in 36 indications and available in six iodine concentrations. Such a variety of clinical indications and dosage forms makes iohexol unique in its clinical utility to radiologists throughout the United States.

Iohexol is the only nonionic contrast medium which can be utilized in pediatric procedures such as aortography, voiding cystourethrography as well as a marker for oral enhancement during computed tomography. In adult procedures, iohexol is the only nonionic contrast medium which can be used for adult gastrointestinal imaging, oral computed body tomography, arthrography, hysterosalpingography, herniography and endoscopic retrograde pancreatography (ERP, ERCP). The chemical formulation and iodine concentrations of iohexol provide the necessary characteristics to provide excellent utility in these procedures.

Product Uniqueness

In the absence of iohexol, the products used for these procedures would be the high osmolar ionic contrast agents, which are noted for a higher incidence of adverse reactions, including pain, nausea and vomiting, and allergic or anaphylatic type reaction to the contrast medium. The unique characteristics of iohexol's chemical structure combined with the extensive clinical research in the United States presents a product with characteristics and utility beyond that of any other product on the market or in development.

Iohexol is a patented product marketed and manufactured in the United States exclusively by Sterling Drug. Both Bristol-Myers Squibb Company of Princeton, New Jersey, as well as Mallinckrodt Medical in St. Louis, Missouri, market nonionic products, though not identical in chemical design.

An estimated 12 million radiographic procedures performed annually in the United States are enhanced with contrast agents. Because iohexol is more expensive to produce than older conventional contrast agents, its use in these procedures and the opportunity for patients to benefit has been limited to some degree by cost. In this competitive market, production costs clearly limit the use of our product and our financial return from the marketing efforts. As a result, our ability to create American jobs for the production and marketing of finished product both in the U.S. and internationally is limited. Ultimately, these costs affect the corporation, the patients and third parties, including Medicaid, Medicare and private health insurers.

Economic Concerns

By nature, costs attributed to the early stages of production, such as duty on raw materials, are compounded at each step of production and distribution. The consequent ultimate effect on the consumer is a cost factor significantly higher than the original duty. In the case of iohexol, that burden often falls on those least able to afford it: the elderly and the critically ill. There is little to be gained by the Treasury when the income from the duty is more than offset by the compounded costs of being reimbursed.

This important therapeutic breakthrough was first made by a foreign company and licensed to Sterling for the U.S. market. This allowed U.S. health care practitioners early access to an important technological advancement. Medical and product development for iohexol is continuing to be conducted in the United States.

Suspension of reduction of the duty allows the reinvestment of those significant funds into the research and development of newer compounds, which provide the U.S. corporation a competitive advantage over foreign corporations. At a time when research and development in foreign markets is less expensive than within the United States and the need for the development of newer, safer and more cost effective medications is greatest, every effort must be made by U.S. companies to reinvest prudently to assure that the sustainable competitive advantage is achieved. Duty suspension allows such reinvestment into strategically beneficial products which will allow U.S. manufacturers to maintain their technological competitive advantage over foreign corporations.

Conclusion

Temporary suspension of the duty on iohexol would permit maintenance of competitive pricing structures and continued price stability of Omnipaque for at least another year and encourage U.S. and non-domestic use of this safer nonionic product. It would reduce the inflationary impact on elderly and high risk patients whose physicians prescribe this safer nonionic product. At an estimated annual cost of $11 million, such suspension would permit Sterling to develop a further need to expand current chemical and pharmaceutical manufacturing capacity. No U.S. workers would be harmed by the suspension.

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